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2 September 1980

# China Report

ECONOMIC AFFAIRS

No. 80



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# CHINA REPORT

## ECONOMIC AFFAIRS

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## NATIONAL ECONOMIC POLICY

### DEVELOP PRODUCTION IN ORDER TO EXPLOIT LARGE POPULATION

Shanghai JIEFANG RIBAO in Chinese 25 Jun 80 p 4

[Article by Sun Shangqin [1327 1424 3237] and Chen Jiyuan [7115 0679 0337]:  
"Taking Full Advantage of Abundant Manpower."]

[Text] A large population is one of China's special characteristics. Because of this, given the situation in which the economy is not very well developed, it will affect the raising of the peoples' standard of living and cause difficulties in finding employment for the labor force. We must remember the lessons we learned from our experiences in our lopsided view of the population problem in the past, and we must adopt the necessary measures to effectively control the population increase.

However, faced with the difficulties of a large population, it is no good to just shake your head and sigh. We must start off by accepting the fact that we have a large population, and study the advantages and disadvantages, the losses and the gains. We must actively search for a solution to our problem. When dealing with the population problem, you must worry about feeding several hundred million mouths, but you must not forget that there are several hundred million pairs of hands that can be a great potential for creating social wealth. In the future, while planning for the control of population growth, we must also take advantage of our large population and continue our advance toward the depth and breadth of production. Thus not only will we not be crushed by our large population, but we can use this large population to quickly develop production to create large amounts of wealth for society.

Is there any basis for what we are saying? Yes, there is. The so-called population problem in a socialist country is really a problem of the ratio between the speed of increase of production and the speed of increase in population. If the population increases faster than production, then the wealth created by society will be insufficient to satisfy the needs of the population. Frankly, China's level of production is still pretty low, and there are still difficulties in satisfying the ever-increasing needs of its more than 900 million people. However, this is no reason for pessimism. Take the neighboring country of Japan, for example. It has a

lot of people and just a little land. The population density is much higher than China's. Except for a little coal, Japan has none of the basic resources for industrial development. However, her economy has been expanding rapidly. In 1978, Japan's GNP surpassed that of the Soviet Union and was second in the world, trailing only the United States. The speed of Japan's economic development was naturally due to many political and economic factors. However, one of the major factors was taking advantage of a large population. In our socialist nation, with abundant human and natural resources, we need only take appropriate measures and we will be able to effectively overcome this disadvantage of our large population and develop our country's national economy relatively quickly.

As for carrying out the four modernizations in our country under the conditions of a large population, how should we act so as to utilize what is advantageous and avoid pitfalls? How can we turn disadvantages into advantages? An extremely important point is how we begin, with our population of more than 900 million? How do we rationally arrange our national economic structure, especially that of employment? On one hand, we must broaden avenues for expanding employment, while on the other hand, we must pay attention to absorbing more labor forces when we are considering the form of production and technology we want. More than 80 percent of our labor population lives in rural villages, and 300 million are engaged in agriculture. Therefore, it is extremely important to open up employment opportunities in the rural villages. All we have to do to open up employment in the rural villages is take off the blinders of the small agricultural economy viewpoint, change our lopsided policy of too much emphasis on food, and develop a policy of overall development of agriculture, forestry, animal husbandry, sideline production, and fisheries. For example, our country has many mountainous regions with many speciality products that were never organized in the past because of the emphasis on food. Also, since there was a lack of good transportation facilities, even if they were produced, there was no way to ship them out. The peasants of mountain areas have said: Just give us a road that a truck can run on; we need nothing else. If the peasants can sell their products, production will increase and this will naturally increase employment. The development of enterprises at the commune and production brigade level will also increase employment opportunities. From what we understand, in communes and brigades where industry had been handled well, these enterprises have been able to handle a good proportion of the labor force of the entire rural village. As jointly run peasant, labor, and commercial enterprises progress in the future, more of the labor force will be able to be absorbed.

There are many opportunities for employment in the cities. However, it is still common both for people to have no job and to have job vacancies unfilled. If we can only liberate our thinking and use our heads, we can do many things. To improve the people's livelihood we should gradually develop service enterprises. For example, small-scale plumbers

and electricians, cement workers, painters and woodworkers, are urgently needed by the masses. We have caused a great deal of inconvenience by not scaling down or combining some service centers. There is an obvious urgent need to develop service enterprises. For example, there has been a large increase in population in Shanghai. However, after the dispersal and combining of commercial and industrial service centers, there has been a large reduction following the combination of similar public and private crafts. There are 78 new villages in the suburbs with 246,000 inhabitants. However, there are only 160 or so restaurants. There is considerable difficulty getting something to eat or having clothes made. We must take steps to conscientiously expand the services, to have more service centers. This will be a big convenience for the masses and will expand employment. This can kill two birds with one stone. Of course, there must not be a blind and limitless expansion of the service businesses. Production agencies and production service agencies are mutually related, and they are mutually restrictive. If production does not expand, there will be no material basis for the expansion of service agencies. However, generally speaking, as the economy develops, less of the labor force is engaged in production and more is engaged in non production jobs. This is a natural trend.

China has a long history. There are famous ancient sites all over the country. Conditions are present for a large-scale expansion of tourism. To expand tourism there must be more guides and interpreters, as well as management and all types of service personnel. This is a very promising opportunity for employment. Starting off with a country that has a large labor force, we must take advantage of this large labor force when considering our industrial and technical setup, and we must further develop production in the labor-intensive trades. The so-called labor-intensive trades are those where most of the labor is done by hand, and where the individual finished product is the culmination of a large amount of labor. An example is the production of many types of fine clothing. Since people are of different heights and weights, many of the operations must be done by hand to insure quality. Also, embroidery must be done mostly by hand to make a really fine product which will fetch a good price. This is even more true for jade and ivory carving. This is all basically done by hand. Lacquerware, cloisonne, pottery, rugs, and bamboo, grass, and willow weaving are also done mostly by hand. At present, these products are competitive on the international market. Vigorous development of these labor-intensive products will not only enable us to take care of more people, but can create foreign exchange and savings.

While we are bring advanced technology into the country, we should also consider our country's abundant labor resources. Of course, it is necessary to import some technical equipment that is highly automated. However, we must not take a lopsided approach in our attempt to save labor. With the present conditions in China, it would be better to import technology that will produce cheaper products of the same quality and that require more labor, than to import expensive labor-saving technology.

Technical machinery whose key components are advanced, even if some of the steps in production are only partially mechanized, or even if they have to be done by hand, are still suitable for import if the finished products are of good quality. In this way we can not only save precious foreign exchange but can also absorb more labor. In China, now and for a long time to come, industrial technology should be a pyramid structure, with a large base composed of hand labor and partial mechanization. We must strive for economic results by continuing to raise the productivity-to-labor ratio, and at the same time we must strive for economic results at low production cost.

In addition, we can run joint Chinese-and foreign-invested enterprises. We can accept foreign material for processing. We can subsidize trade. We can allow foreigners to directly invest and run factories in some localities. These economic forms will utilize China's abundant natural and labor resources well. At the same time, it will give practical production experience to nourish China's engineers, technicians, and technical workers while amassing capital for China. In addition, we can consider the labor shareholder form and go to countries where labor is scarce but where there is a lot of capital and technology to run factories, farms, communications, and transportation. China has several provinces and regions with lots of construction capabilities. They can do everything from design to construction. They could go overseas to undertake building and construction to earn foreign exchange for the four modernizations.

In summary, if we have unified planning, with due consideration for all concerned, and take full advantage of our abundant labor resources, not only can we gradually arrive at a suitable solution to the problem of finding jobs, but we can also accumulate foreign exchange for the four modernizations.

While carrying out the four modernizations, we must take advantage of our large population, but just pointing out the many avenues of employment is not nearly enough. To turn this kind of possibility into reality, many tasks have to be done, and all this must be insured by adopting the relevant correct policies.

For example, expansion of service agencies and service centers in the cities will arouse the enthusiasm of all shops, especially if we allow them to handle some small products. However, for a long time we have viewed the individual worker as the tail of capitalism and have always wanted to cut it off. We have taken steps to restrict it and gradually to eliminate it. Recently in some test locations in Shanghai's Hongkou district, those improper restrictions of the past were changed. There has been a policy of encouraging the individual workers and letting them feel that there is a profit to be made. All of the masses welcomed this policy, and the individual workers were happy. This example shows



how important it is to decide on a correct policy when developing production and solving the problem of employment for labor.

Another example is the shortage of many articles while at the same time people in places where there are materials and manpower available feel there is no way to make a profit or find a job. This is a contradiction. The crux of the problem is that there is no bridge between the many and the few, the haves and the have-nots. People in places where certain materials are present do not know that these things are of any use, or where they are needed. People in places where these things are needed do not know where they can be found. If we can only build this bridge, it will completely change the face of production and employment. This is true both for rural villages and for cities. In many factories there is no outlet for production needs, and they feel they do not have enough to do. If there were an outlet for these production needs, then they would have more than they could do. We can see from this that there is a false impression concerning production and needs. We must follow the current of developing socialism and destroy false impressions, develop our economy, and press for a solution to the problem of employment. In summary, during socialist construction we should pay full attention to all the problems that we have because of our large population. At the same time, we must note that there are conditions present which contain the solution to these problems. The crux of these problems is to face them with a positive attitude, to overcome difficulties with a scientific attitude, to adopt correct policies, and to take full advantage of our large labor force.

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CSO: 4006

## NATIONAL ECONOMIC POLICY

### PRESS, GOVERNMENT SCORE MERITS OF INDIVIDUAL ECONOMY

Hong Kong Editorial on Development

HK151055 Hong Kong WEN WEI PO in Chinese 15 Aug 80 p 2

[Editorial: "Commenting on Development of Individual Economy"]

[Text] In readjusting the whole course of the national economy, our country recently announced its decision to restore and develop the individual economy and corrected the mistake made during the Cultural Revolution of eliminating the individual economy as a "capitalist tail."

This is another major measure to handle affairs in accordance with objective economic laws. It is praiseworthy and merits considerable attention.

We all know that there is now a guiding principle for our country's economic structure at the present stage which stipulates that production relations must be suited to the level of the productive forces and that our country is trying its very best to reverse the situation in which there are untold troubles caused by the "ultraleftist" line. Therefore, the most important task in the reform of our economic system is readjusting the structure of ownership of the means of production so that it can meet the needs of the development of the productive forces. Due to this readjustment, several types of ownership of the means of production are bound to come into being: the state-owned economy, the collective economy, the individual economy and the Chinese and foreign joint venture economy. Judging from the general trend, we can say that these types of ownership are suited to the current level of productive forces and help promote the development of productive forces and the continuous improvement of the people's standard of living. Therefore, they are advantageous to quickening the pace of the four modernizations. The development of the individual economy will also make contributions to the national economy.

However, the individual economy moved forward along a tortuous course for more than 20 years and suffered the most serious setback during the cultural revolution. In 1966, there were some 2 million individual [self-employed] laborers in China. Such labor was willfully banned later and the individual economy was almost suffocated. Practice has proved that no one should be allowed to act blindly any longer. The current restoration and redevelopment of the individual economy is correct. By the end



of last year, a total of 120,000 individual laborers had resumed work. Many more individual laborers will resume work this year.

Why is it necessary to restore and develop the individual economy? Because our country's productive forces are still very backward. As a matter of fact, many handicraft trades exist in our country and the state-owned economy and collective economy are incapable of taking care of many aspects of these trades. Since social production and people's livelihood truly require "correcting omissions and deficiencies," a field has now opened up for the activities of the individual economy. The individual economy can exist as long as there are deficiencies in the national economy and the people's livelihood. This is an economic law independent of man's will. According to recent reports, cities and towns in Shanghai and Liaoning have achieved a quicker and better development of the individual economy and over 10,000 individual laborers have been licensed in these cities and towns. These industrial and commercial individual laborers have either established stands and stalls or have peddled their wares. Their management is flexible and their services are good and very popular with the masses. Facts have proved that individual laborers can achieve better results in running decentralized and mobile trades such as the repair, service and building trades. Individual laborers do not hire other laborers or go in for exploitation; they abide by the state policies and decrees and support themselves by their own labor. Their work not only satisfies various social needs and fills the deficiencies in the state-owned economy and collective economy, but also accumulates funds for the state, creates more jobs and relieves the state of some of its difficulties. What is wrong with having individual laborers?

During the process of restoring and developing the individual economy, it will not become a "capitalist tail." Because public ownership of the means of production has achieved absolute predominance, labor forces are no longer commodities and the supply of raw and processed materials, the prices of individual laborers' services and the tax revenues from individual laborers are managed and restricted by a publicly-owned economy and the state departments concerned.

The National Labor and Employment Conference has decided to change the previous policy of placing restrictions on and pushing out individual economy to a policy of actively guiding, properly supporting and strengthening the management of individual economy. This is an expression of seeking truth from facts. China's territory is vast and the conditions of all areas of the country differ greatly. Therefore, with regard to issues concerning labor and employment, no rigid uniformity should be sought. Gradually allowing labor forces to flow within a fixed range, recruiting workers publicly in order to select the best ones, allowing workers to freely choose their occupations and guiding and supporting the development of individual economy are all correct policy decisions. We can say with certainty that the implementation of these correct policy decisions will be advantageous to opening up new prospects for promoting economic prosperity.

## Industry-Commerce Official Comments

06200616 Beijing XINHUA Domestic Service in Chinese 1311 GMT 19 Aug 80

[XINHUA reporter's interview with a responsible person of the General Administration of Industry and Commerce--date and place not given]

[Text] Beijing, 19 Aug--Question: Why should individual industrial and commercial establishments be restored and developed in cities and towns?

Answer: The Constitution of the PRC approved by the Fifth NPC clearly stipulated that "the state allows nonagricultural individual laborers to engage in individual labor involving no exploitation of others within the limits permitted by law and under unified arrangement and management by organizations at the basic level in cities and towns or in rural areas." At the recent National Labor and Employment Conference called by the CCP Central Committee, it was also explicitly defined that individual economy involving no exploitation of others should be adequately developed. Practice shows that individual industry and commerce as an economic form are compatible with the productive forces situation in our country at the present stage and are conducive to economic development in our country. They are also conducive to satisfying the needs of the people more effectively. First, they will develop production, increase social wealth and enliven the market in urban and rural areas. Second, they will supplement the state- and collectively-owned economy, add to the convenience of the people and play a definite promoting role in state- and collectively-owned enterprises through competition. Third, they will open up all avenues in providing jobs to more people and contributing to social stability and unity. Fourth, they will increase state tax revenue. Fifth, they will restore certain traditional handicrafts as well as local specialty art-crafts and food items to make the people's lives richer and more colorful and to promote foreign trade.

Question: What progress has been made in restoring individual industry and commerce so far?

Answer: Under the guidance of the principles and policies formulated by the party's Third Plenary session, certain progress has been made during the past 2 years or more in restoring individual industry and commerce in the cities and towns. In 1979, about 100,000 households in various provinces, municipalities and autonomous regions throughout the country were given permission to run a business. This figure showed an increase of 70 percent over 1978: the total number of such households reaches 250,000. By the end of this year, the total number was nearly 400,000 households. Nevertheless, generally speaking, the development has been uneven and the restoration has not been fast enough. There is still a long way to go in meeting the social needs, and only a handful of cities and towns have restored individual industry and commerce somewhat faster. For this reason, sustained efforts should be made to develop individual industry and commerce adequately.

Question: What are the trades that allow individual households to operate?

Answer: The general principle is: As long as individuals have certain qualifications and their services are needed by the people in their daily lives which cannot otherwise be handled entirely by the state- and collectively-owned economy, they are allowed to run such businesses as repair work and service trade, cloth processing, household handicraft work, transportation of cargo and passengers, house repairs, food and drink establishments, and selling and peddling of small articles and other items for daily use, dried and fresh fruits and other perishable items.

Individuals may also be given permits to repair bicycles, watches, clocks, cameras, radios and television sets upon examination and approval by the neighborhood committees and with a signed endorsement by the public security departments concerned.

Question: Who are the persons qualified for running individual industry and commerce?

Answer: Job-waiting youths and idle people in cities and towns who maintained proper household registry may submit applications based on their own special technical skills and business abilities to the local neighborhood committees or other departments concerned for endorsement. This endorsement will be forwarded to the local administrations of industry and commerce for approval and issuance of a permit to start an individual operation.

Among the retired workers and staff members, there are old workers and artists of special technical skills. Besides arranging some of them to help job-waiting youths in setting up collectively-owned enterprises, we can also allow them to engage in individual operation.

Question: Is individual operation limited to single people?

Answer: An individual operation may be undertaken by an individual, a husband and wife or by a whole family. An operation of a technical nature may be allowed to have one or two apprentices based on the voluntary arrangements made by both parties. In the event that a certain trade which is in demand by the public is more technical in nature and requires more capital, permission may be given to individuals to raise capital on their own or to form a partnership in a collective operation.

The method of operation should be flexible and varied. Individuals may set up stalls at prescribed localities or bring goods and services to the customers' doorsteps.

(06200731) Question: What are the problems that need to be solved in restoring and developing individual industry and commerce?

Answer: First, we should solve the problem of understanding what is meant by individual households running industry and commerce. While most places are paying attention to this work at present, some places or departments are still full of worries and cannot even think straight. Thus, they are placing all kinds of restrictions on doing this or that. Other individual places use the size of income as a criterion for giving approval to the operation. They even attempt to restrict licensed individuals from operating the businesses when they show excessively high incomes. They even want to cancel their permits. Previously, this way of doing things is wrong. As long as the business is legitimate, keeps with the established policies and is not exploiting others, a large income is permissible. These problems have arisen primarily due to things having been done incorrectly in the past. Some comrades arbitrarily link individual economy with capitalism, fearing that restoring individual economy would give rise to capitalism. Such a comprehension or thinking is wrong.

Individual economy and capitalist economy are two entirely different concepts. Individual economy is an economy based on individual labor, and capitalist economy is based on hired labor. Our country has a powerful socialist economy which prohibits exploitation of hired labor and there is no possibility that individual economy will develop into capitalism. It goes without saying that in terms of ownership, individual industry and commerce come under private ownership, and because they are operated in a scattered manner, some problems may come up. However, as long as we strengthen ideological education among them and adopt adequate economic measures and exercise administrative control over them, it is possible to guide them toward a healthy growth.

Another problem that should be solved is the formulation and implementation of correct policies. Individual industrialists and businessmen are independent workers and their labor and social status should be protected and respected. They should not be discriminated against in military service, labor recruitment or in enrollment for advanced studies as well as in all other political activities in society. We believe that in those places where conditions are ready, individual industrialists and businessmen should be allowed to organize such mass organizations as trade associations [tongye gonghui 0681 2814 0361 2583], set up party and CYL organizations and develop party and CYL membership.

In the economic field, the current tax rate, distribution of resources and bank loans are not sufficiently reasonable as to favor individual industrialists and businessmen, virtually becoming a kind of restriction and discrimination against them. The departments concerned must conduct serious investigation and study to rectify this situation in the spirit of the National Labor and Employment Conference called by the CCP Central Committee.

In short, we should politically treat individual industrialists and businessmen correctly and economically support them in line with the guiding principle put forth by the CCP Central Committee calling on us to "emancipate the mind, adopt a flexible policy and enliven our economy generally" and in accordance with other policies so as to restore and develop the individual economy quickly and enable it to play a proper role in achieving the four socialist modernizations, satisfying social needs and serving the people's livelihood.

CSO: 4006

## NATIONAL ECONOMIC POLICY

### RADIO, PRESS COMMENTARIES ON SOCIALIST COMPETITION

#### 'RADIO HEFEI' Promotes Competition

OW231705 Hefei Anhui Provincial Service in Mandarin 1100 GMT 23 Aug 80

[Station commentary: "March Forward Amid Competition--Fourth Discourse on Continued Emancipation of the Mind and Flexible Performance of Economic Work"]

[Excerpts] With the regulating of production by the market, competition between those in the same trade has been going on since last year. Thus, state-owned and collectively owned enterprises and individual producers have been competing with one another. As a result, business is brisk and things are made convenient for the people in livelihood. Most people hold that such competition is good.

However, competition invariably sounds unpleasant to the ears of a small number of comrades. In their opinion, competition is a capitalist law, which is not needed and permitted under socialism. Everything is just fine when our work is done according to the plan formulated by a higher authority. They even worry lest such competition cause people to go astray.

Is competition only a capitalist law? Should socialist enterprises not compete with one another? Practical experience shows us that competition is an inevitable outcome of the uneven development of economic activities and that it is an impetus to various enterprises in bringing their favorable conditions into full play.

Capitalism needs competition, and so does socialism. Superficially, there seems to be not much of a difference between capitalist competition and socialist competition. Fundamentally, however, there is an essential difference between capitalist competition and socialist competition. Capitalist competition is aimed at making it possible for capitalists to get rich by fattening themselves on workers' sweat and toil, and it is based on private ownership of the means of production. Production is in an anarchistic state. Such competition can promote the development of the productive forces but also causes periodic economic crises.



As for socialist competition, it is aimed at increasing the wealth of the state and bringing benefit to the people. Based on public ownership of the means of production, such competition goes on under the guidance of state planning. Therefore, such competition can promote the development of the productive forces and will not cause any periodic economic crises like those in the capitalist world.

Therefore, there is no need to worry that competition will cause people to go astray.

Competition is an important measure for running the socialist economy flexibly. We should prepare the public for the competition going on between various enterprises. We should encourage and protect competition in policy and action so that enterprises can develop themselves, raise the quality of their products and improve their management amid competition.

#### 'RENMIN RIBAO' on Benefits of Competition

HK120503 Beijing RENMIN RIBAO in Chinese 3 Aug 80 p 1

[Article by commentator: "Launch and Protect Socialist Competition"]

[Text] In the past year and more, industrial and commercial units and units of other trades in some areas have started competition in quality, variety, price and service, thanks to the implementation of the principle of "readjustment, restructuring, consolidation and improvement" and particularly to the expansion of the enterprises' decisionmaking right. This ended the stagnant and passive conditions in factories, mines and other enterprises and helped to animate the enterprises and stimulate production. According to preliminary analysis, competition is advantageous mainly in speeding up the enterprises to increase the variety of designs and colors and improve product quality, in pushing forward the improvement of enterprise management and lowering production costs, in increasing the cadres' sense of responsibility and in urging them to intensively acquire professional proficiency and to learn techniques and management. Experience shows that competition based on public ownership of the means of production and under the guidance of state plans serves the socialist economy, and plays an important role in bringing forth the initiative and enthusiasm of the production units and workers. It develops their strong points and avoids shortcomings. It highlights their superior aspects, promoting combined operation and expanding economic results.

The effect of the competition is very obvious. However, why are many comrades still doubtful about it? The main reason for this is that people have been influenced by the force of habit. They confuse competition under socialist conditions with competition under capitalist conditions, overlooking their different natures. Their goals, means and results are all different. Competition under capitalist conditions means jostling against one another, the weak becoming the prey of the strong, people of

the same trade becoming natural fees, and people advancing themselves at the expense of others. The end results include bankruptcy, others becoming upstarts and life-and-death struggles becoming commonplace. Competition under socialist conditions is conducted between socialist enterprises under the guidance of state plans and is limited in scope. It encourages and protects the advanced and spurs on and pushes forward the backward. This enables the advanced to first become perfect, so that more profits can be turned in to the state, collective welfare can become better and the living standards of the staff and workers can improve. It forces the backward enterprises to improve their management and competitiveness. As for those enterprises not plagued by poor management but with real objective difficulties, departments concerned should give them concrete assistance so that they can gradually become better off. Of course, competition under socialist conditions will also eliminate some enterprises. Here, elimination is totally different from capitalist bankruptcy. As far as enterprises are concerned, this elimination chiefly means a modification or a change in the line of production. As far as workers are concerned, there will be no unemployment problem.

Some comrades do not resent competition but are anxious about it, fearing that it may disrupt state plans. However, this anxiety is understandable and such problems can be solved. Despite competition, the fulfillment of the state production and marketing plans must be guaranteed. This principle should be maintained without fail. It is a matter of course that a contradiction exists between competition and plans. However, under the guidance of the state plan, if adjustment of the plans is coordinated with the adjustment of the market supply and demand, not only can the contradiction be solved but it will make up for the shortcomings in the plans. It is impossible to make perfect arrangements for everything in state plans, since market supply and demand is constantly changing. Thus, it is necessary to supplement the state plans through competition and adjustment of market supply and demand. In the course of competition, the enterprises produce in accordance with the demands of society. This makes the production target more explicit and provides the market with more appropriate and marketable commodities. Simultaneously, this completely meets the demand of the state plans.

Some comrades proceed from the partial and local interests of their own areas and departments to hamper competition. For instance, to promote the sale of their own substandard tractors, a certain locality prohibited the communes and brigades from buying high-quality and inexpensive famous brand products from other places. They did this by not allowing the bank to give credits and by even refusing to supply oil to peasants who had purchased other tractors. A certain municipality held a machinery product fair and numerous contracts were signed in the first few days. However, some provinces were afraid that this would deprive their own machinery industry of adequate opportunities for development and ordered the cancellation of the contracts. Thus, the fair became a contract cancellation meeting in its last 2 days. Obviously, far from being advantageous to other places, such actions are also disadvantageous to local enterprises.



[HK120515] Will many medium and small-size enterprises be eliminated as a result of launching and protecting competition? It is not necessary to have such a worry. At present, we must eliminate a small number of enterprises which lack resources and waste energy, since they produce poor quality goods at high production costs and cannot be modified. However, a great number of medium- and small-size enterprises can run independently or can be integrated with other large enterprises. Capitalist countries encourage and develop coordination between specialized departments, and some big factories are also able to organize many small factories in their surroundings to produce various spare parts for them. As a socialist country, we can surely organize a division of labor and coordination between large and small-size enterprises. We have been promoting "large and comprehensive" and "small and comprehensive" in the past, and all products from these factories were to be handled by the state-run business. Thus, the factories were unwilling to promote coordination between specialized departments. Now, they are willing to do so since they understand that people have the choice of purchasing better products in the market, and that factories have to be closed down if all their products are not sold. So long as we proceed in accordance with the laws governing the economy, we can surely achieve such economic integration.

As long as there is commodity production, there will be adjustment of the market supply and demand, the law of value will come into play and competition among socialist enterprises will be unavoidable. Therefore, we must allow and protect competition. We should not only overcome our anxiety about competition, but we should break up the interarea and interdepartment obstructions to competition. No area or department should monopolize the market by prohibiting the marketing of commodities from other areas. Also, no area or department is allowed to block the export of its raw materials in accordance with the state plan. All measures to protect the backward, suppress the advanced and obstruct the normal circulation of commodities by administrative means are illegal and should be abolished.

In the course of competition, the enterprises' decision-making right must be respected. No area or department should interfere at will with the enterprises' rights regarding their production, marketing and financial affairs which are permitted by the state's policies. Contracts and agreements signed between enterprises should be protected by the laws of the state.

We must also open wide the circulation channels to provide room for competition. Apart from products under state planned allocation and state monopoly in purchasing and marketing, and products regulated by the Central Committee's unified management rules, other products, whether consumer or capital goods, must be allowed to participate in market competition. We must allow enterprises to adopt the method of diversification. We must link supply with demand and speed up the circulation of

commodities. From now on, the enterprises will have the right to boycott all actions which violate their decision-making rights and can lodge appeals.

It is necessary to strictly abide by the state's policies and orders and adopt legal measures in launching competition among socialist enterprises. The enterprises must build up good reputations and morality. We must not allow tricks and speculations and other actions which jeopardize the interests of the state and the people. In the course of competition, all enterprises must still bring forth the spirit of socialist coordination and launch technology exchanges. State departments concerned should formulate policies and regulations regarding the transfer of technology to encourage new technological inventions and insure their economic interests.

Competition has just begun. We should give judicious guidance according to the new situations and problems in the course of competition. In the past, we hampered economic development because we adopted administrative measures to avoid competition. We should see that competition exists in an objective aspect and cannot be avoided. Government and the responsible departments at all levels should strengthen their leadership over competition, do a very good job in serving, overall planning, coordination and supervision, solve in good time the new contradictions and problems cropping up in the course of competition and guide enterprises to better production and management to avoid blind production resulting from competition.

CSO: 4006

## NATIONAL ECONOMIC POLICY

### DISCUSSION OF SOCIALIST PRODUCTION GOALS CONTINUES

Shanghai JIEFANG RIBAO in Chinese 25 Jun 80 p 4

[Article by Zhong Sun [6945 4725]: "Synopsis of the Discussion of the Goals of Socialist Production"]

[Text] The discussion of the goals of socialist production has received the widespread concern and attention of all segments of society since last October. This is a discussion of the criterion for truth that is continuing in economic circles and is a problem that had to come up in the construction of the four modernizations and must be correctly solved. The discussion has touched upon several problems in economic work. If production is concerned only with quantity and the value of production, and does not consider the variety and quality of goods then there will be a dislocation of supply and demand. If we are concerned only with quickly increasing production and economic results are low, we cannot improve the peoples' standard of living and there will be a maladjustment between savings and spending. Too much emphasis on expanding heavy industry, or even to say "base everything on steel" at the expense of agriculture and light industry, will lead to a lack of coordination between departments and industry. This will lead to many unreasonable developments in the economic system. Many comrades feel that there must be socialist production goals to direct economic work and that the basic economic laws of socialism must not be violated.

This discussion has launched an adjustment of the national economy and reform of the economic system. It has had obvious results in perking up the national economy. For example, planning work has begun to change the old way of being all-inclusive and wrapped up, and attention is being paid to the effects of market adjustment. Arrangements for production and construction and increasingly emphasizing meeting the needs of the peoples' livelihood. There have been changes in the imbalance between production and demand. The discussion has also gone deeply into the questions of the ratio between savings and spending and the establishment of an economic structure compatible with China's special circumstances.

In the discussion there are still divergent views on some theoretical questions.

First, the basic economic laws of socialism. Most opinions are in agreement with the statement of Stalin: "Use the basis of high technology to keep socialist production increasing so as to insure that the daily increasing material and cultural needs of the whole society are met to the highest degree." However, there are some differing opinions. One of these opinions is that Stalin's statement falls short, and that the laboring people's ideological and educational needs should be included as well as the perfect socialist production system and superstructure. Another opinion is that what Stalin said is actually the economic law of communism, because the statement does not reflect the circumstances of socialist production relationships, where the various forms and links are mutually suitable and at the same time mutually contradictory.

Second, the specific contents of the goals of socialist production. Some are of the opinion that the goals of socialist production may be divided into political goals and economic goals. The political goals are the elimination of classes and the elimination of exploitation on the way to communism. The economic goals are to meet the material and cultural needs of society and of the laboring masses. While passing through the socialist stage, the economic goals are of secondary importance while the political goals are primary. It has only been after 30 years that our country has explicitly brought forth the question of the goals of socialist production. This was objectively inevitable. There is another opinion which holds that the final goals of revolution must realize the development of production, and that there are no differences in the stages. During the three years of recovery period and the First Five-Year Plan, we adopted a series of correct plans and policies to combine socialist reform and socialist construction and pressed forward on both with great results, which proves this point.

Next, how to handle the implications of social needs. One opinion is that social needs are what Stalin called "man and his needs." Another opinion is that social needs include the needs of expanding reproduction and the needs of national defense construction. However, most opinions have it that social needs are consumer needs and not production needs. These consumer needs include not only individual consumption needs but also the collective and public needs of the laborers. The expansion of reproduction and the strengthening of national defense are the means and guarantee of arriving at these production goals.

Last, how to achieve socialist production goals. One opinion emphasizes the importance of means. It feels that we are passing through the stage of economic construction where we are laying the base and building the foundation; that this stage is not yet completed and we do not have the means of meeting the goal of fulfilling the people's material and cultural

needs to the fullest extent. Therefore, we need to increase the proportion of savings. Another view is that the means must follow the goals. Otherwise, there will be overemphasis on increasing savings and first developing the production of production materials; then of necessity we will go the route of production for production's sake, causing an imbalance in our national economy.

Looking at the present situation, the trend of the discussion is: first, combine discussion and study to improve our planning work; second, combine discussion and study to reform our national economic structure; third, combine discussion and study to reform our present economic management system; and fourth, combine discussion and study on strategic ideology for the formulation of long-range plans.

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CSO: 4006

## NATIONAL ECONOMIC POLICY

### ADVANTAGES, WEAKNESSES OF JOINTLY RUN ENTERPRISES NOTED

Shanghai JIEFANG RIBAO in Chinese 25 Jun 80 p 4

[Article by Ji Jin [4764 6855]: "Several Problems With Jointly Run Enterprises"]

[Text] Following the Third Plenum of the 11th Party Central Committee, several Shanghai Departments and enterprises, in accordance with the eight-character policy on reform of the national economy, have broken through trade and location restrictions, and with no restrictions on ownership have tried out almost 100 jointly run enterprises, collective enterprises of the whole people, and other forms of joint economic ventures. This is a further development of the cooperation in the processing and distribution and sales relationship between Shanghai and the suburbs, and it reflects the natural outgrowth of the socialization of major production in accordance with logical economic principles. Looking at the initial experiences, these jointly run enterprises help make the most of what is available and compensate for what is lacking. There are advantages to both parties of the jointly run enterprise. The full utilization of the original base to get greater economic results with a smaller expenditure of labor has a great future. These jointly run enterprises have already proven to be a positive force in consolidation and adjustment and in increasing the supply of scarce products which are needed in the market and for export; in more rational use of social capital and in reducing national capital investment; in organizing specialized production and in adjusting the distribution of industry in cities; in overall arrangements for some of the work force and in creating jobs.

The various jointly run enterprises have not been operating long. They lack experience. They have come across many new problems which need to be looked into, studied, and solved.

#### 1. Problems in Strengthening Guidance and Planning in the Partnership.

Both parties in the partnership have their strengths and weaknesses. They must make the most of their good points and make up for their



**Weaknesses** Technology and equipment in state-run enterprises in the cities are more advanced, for the most part, they have more experience in management, and they are better at marketing and sales. But they do not have much usable land. The factories are crowded, and further development presents a problem. On the other hand, there is a lot of room for expansion of factories of collective enterprises in the suburbs, and labor management systems are more flexible. However, avenues for marketing and sales are more restricted, and technology and management are at a lower level. Moreover, some large factories in the city do not have sufficient work. Both sides should organize in accordance with the national plan and the needs of society to take advantage of the good points of both sides. In this way, economic effectiveness can be raised and production can be expanded more quickly. The Shanghai No 2 shirt factory joined with the Maqiao commune, taking advantage of the good points of both sides, to jointly run a factory. In less than six months, four production lines were set up with an annual production of 900,000 shirts. Their 500,000-yuan investment will be recovered in about six months. However, some units are not starting off from their own good points but are greedy and worship things foreign. They have set up a lot of factories which take up a lot of ground and have consumed a lot of capital with no immediate results. This is not an indication of the superiority of jointly run enterprises. We feel that present jointly run enterprises should be organized in such a way as to help adjust the national economy, reduce the long line (goods) and add to the short lines, to tap present potential first, and only then start new construction. Products should be aimed at meeting light industry marketing and export needs. In investment, the present base should be fully utilized. Realize the present potential for increased production. Don't cast aside old factories which do not have enough to do and build new ones. The location of factories should conform to the overall city plan. There should be a reasonable arrangement to avoid further confusion.

## 2. Problems in Strengthening the Planning Management in the Partnership.

At present there are two forms of joint economic enterprises. The first is from the bottom up, with both parties willing partners--so-called "free love." The other is from the top down--forced union. Practice has shown that the basic-level "free love" of enterprise pays more attention to starting out from a realistic standpoint and takes measures to meet local conditions, and both parties are more enthusiastic. Thus they are able to develop production potential more quickly. The problem is that basic-level enterprises are not familiar enough with the overall direction of the city's industrial development, the city's zoning plans, and water and electricity balances. Most of them think only of local interests, and it is too easy for them to act blindly. At present, most of the jointly run enterprises are in the close-in suburbs, and few are in the outlying suburbs. Most have built new factories, and few have utilized existing bases. Few have anything in common with "free union."

The good thing about forced union is that, from top to bottom, most of the departments in charge can start out from the overall needs, balance and the overall plan, and avoid duplication in construction and duplication of products. They can avoid hodgepodge distribution of factories. Their bad point is that they are arranged marriages. They do not give fully play to the enthusiasm of both parties, and they can easily lead to greed of the worship of things foreign. Construction takes a long time, and results are slow in coming. It seems that a combination of from top down and from bottom up is the best way. Planning departments and departments in charge must strengthen their planning guidance in accordance with the city's industrial development plan and in line with occupational expansion, product expansion, and factory distribution. Some of the large-scale items, which especially need land for building new factories, must be investigated. Alternatives must be considered and weighed against each other, and must be approved by the departments in charge. Financial, banking, city planning, and industrial and commercial administrative departments must all be on guard to prevent blind construction from placing them in a passive position with resultant losses.

### 3. Problems in the Policy of Mutual Benefit.

From experiences of joint enterprises between factory workers and peasants, the central problem is how to reach a fair mutual benefit in the matter of who is to put up how much of the capital, how the profits will be distributed, and wages and benefits. The crux of the problem is that the percentage of capital invested by one of the parties not only determines how much of a voice that side has in running the enterprise, but it also affects the distribution of profits. In a number of enterprises with moderate profit levels, many have adopted the system of fixed investment, where both sides put up the same amount of capital. Some enterprises where the profit level is low give the peasants a larger percentage so as to look out for their interests. In some enterprises where the profit level is high, the peasants are restricted in the amount they can invest. These policies basically represent one of fair mutual benefit. Disputes arise over the question of whether land or technology can be considered investment. Some of the comrades from the communes feel that since the land belongs to the production brigade, it is an important part of production. Its value should be considered investment. Some of the comrades from the factory feel that technology is the crystallization of labor, that it has a value, and that it should be considered investment. The way we see it, the use of land as investment can be looked into. Look into the way it has been handled by many units--that is, have the enterprise pay compensation for the land every year. This is simple and easy to manage, and it prevents a difficult problem should the factory ever shut down or close. Most technology cannot be considered investment. Major technical patents should be compensated for; this may be done in annual installments, or it may be calculated as a portion of the investment. As for wages and benefits, in jointly run enterprises between factory workers and peasants, wages for peasants who work in the factory



should be paid the same as the average factory worker in the enterprise. The commune or production brigade should then distribute this pay in accordance with the level of the commune or brigade enterprises. The above questions must be solved through fair consultations. Gradually a list of regulations must be drawn up to be honored by both parties, so that the reasonable rights of both parties will be protected by the law.

#### 4. Problems With Leadership Management in the Enterprises.

Enterprises that are run collectively or by the whole people are of the nature of socialist public ownership. There is no doubt about this. However, is this a new system of ownership, or is it a combination of the two? This has to be discussed and studied. It is presently very important to handle satisfactorily the following three questions: 1. The admission that it is an economic organization which is of the nature of socialist public ownership. It is an independent accounting unit and responsible for its own profits and losses, and it is a legal person. It should be supported and helped by financial, planning, banking, city planning, and industrial and commercial administrative departments. 2. Economic management must adopt the good points of both systems of public ownership. It must especially foster the flexibility of collective enterprise management, as well as its characteristic of adaptability and its tradition of hard work and thrift. This will not only help bring out the good points of both sides, but it will be a probe into the development of more kinds of economic components, the adoption of more types of management, and the reform of the economic system. 3. In organizational control, both sides must be equals, and must share the responsibility and the division of labor management. Most marketing and sales should be the responsibility of the factory side, while political ideology and support of daily necessities should be the responsibility of the peasant side. Some units have considered setting up a control committee composed of members of both sides to study and solve major problems of jointly run enterprises. This is fine, and after trial and error it will gradually become better.

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## NATIONAL ECONOMIC POLICY

### 'NANFANG RIBAO' COMMENTS ON JOINT UNDERTAKINGS

HK230830 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT  
20 Aug 80

[ NANFANG RIBAO 21 August commentator's article: "Emancipate the Mind and Develop Joint Undertakings" ]

[Text] The article said: To really give full play to the superior features of Guangdong, we must energetically develop joint economic undertakings. The meeting of secretaries of prefectural and municipal party committees recently called by the provincial party committee seriously studied the development of joint undertakings, and made proper arrangements. We hope that in light of local realities, all areas will emancipate their minds, unify understanding and seriously follow given instructions. How should we develop joint undertakings? Judging from the current experiences of various areas in our province in organizing joint undertakings in the industrial field, we can energetically develop joint economic undertakings between the same trades, between enterprises, between areas, between departments, and between departments and areas. We should allow all areas to try something new. They must not confine themselves to one or several patterns, or apply fixed standards to every case. So long as it is a venture that helps to take advantage of superior features and stimulates the development of productive forces, we should promote and encourage it instead of sticking to hard and fast rules.

The article pointed out: In developing joint undertakings, we must emancipate the mind. At present, different areas have different views and different worries about the organization of joint economic undertakings. Some worry that being committed to a joint undertaking may add to their burden or result in their being swallowed up. Some are afraid of the trouble involved or worry about a cut in their share of the profits. It is very clear that these views and worries are unfounded and uncalled for.

In the past, influenced by the thinking of the small-peasant economy, we wanted both large and small enterprises to be complete and self-sufficient when it came to running factories and handling production. Such forces

of habit and the practice of relying on stereotyped patterns are very incompatible with the organization of joint undertakings. To make a success of joint undertakings, we must change our thinking and concept. We must understand and grasp the important policy put forward by the party Central Committee on the organization of joint undertakings. We must dare to solve new problems in light of new conditions. We must proceed from reality and pay attention to unswervingly following the principle of self-willingness and mutual benefit, tackling things step by step from the easy to the difficult in a steady move forward. We cannot use administrative orders to enforce "a marriage" or the establishment of a joint undertaking. Nor should we launch too many joint undertakings all at once for the sake of formality. Instead we should seriously consider economic factors, strictly practice economic accounting and insure the greatest possible results. Only in this way can joint undertakings be packed with great vitality.

The article said in conclusion: Organizing joint economic undertakings is a new theme. With the appearance and formation of joint economic undertakings, some unexpected conditions and problems will naturally arise. This presents a new task for the departments concerned. We must each use the authority within our scope to give every support to stimulating the consolidation and development of joint undertakings.

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## NATIONAL ECONOMIC POLICY

### CHEN LEI'S ARTICLE ON JOINT VENTURES REPORTED

SK171412 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT  
15 Aug 80

[Excerpts] According to our sources, FENDOU magazine's Issue No 8, published today, carries an article by Comrade Chen Lei entitled "It is Necessary To Follow the Road of Joint Ventures and Interplant Cooperation in Production."

The article states: Breaking down the barriers between different trades and carrying out cooperation and services are the emerging new trail in the course of implementing the readjustment policies of the national economy. In running industry, commerce or other trades, we will bring about a new change in the development of enterprises and contribute to satisfying the needs of society only if we earnestly practice cooperation in production. Therefore, we should affirm the orientation of practicing cooperation in production.

In the article Comrade Chen Lei stressed: Grasping policies, bringing into full play the power of policies and mobilizing the initiatives of the people from all quarters are the key to doing a good job in joint ventures and interplant cooperation. All localities and departments must place the focus of their work on the study, readjustment and implementation of policies and must, in a timely and reliable manner, solve all problems in this regard so as to insure and promote the successful advance of this work.

1. Implement the principle of voluntarily engaging in joint venture or interplant cooperation.
2. Practice the principle of equality and mutual benefit.
3. Adhere to the principle of achieving rational economic results. In organizing joint ventures and cooperative enterprises we must focus our attention on achieving the greatest economic result and use this as the main criterion for judging whether a joint venture or an integrated enterprise has been run well. These enterprises must earnestly implement the

principle of combining the regulation of production by planning and by the market, opening up more production sources and striving to enliven production.

4. Adhere to the principle of democratic management. All plants should select representatives to form an administrative committee to lead and manage the work of the integrated corporation in a unified manner. The administrative committee is the highest power organ of the corporation. All important issues should be discussed and decided by this committee and then implemented by the manager or plant chief.

5. Persist in the principle of doing things on the basis of actual situation and according to local conditions, developing integrated enterprises in a flexible and diverse way. In organizing these enterprises we must persist in the principle of proceeding from the actual situation. We must adopt different methods, steps and proceed in various forms in accordance with the characteristics of different trades and enterprises and of the various localities and in light of the needs of developing production. We must not seek uniformity in carrying out cooperation.

6. Adhere to the principles of simple structure, unified leadership, attention to effectiveness and economy.

CSO: 4006

## NATIONAL ECONOMIC POLICY

### EFFORTS CONTINUE TO EXPAND ENTERPRISE AUTONOMY

Tianjin TIANJIN RIBAO in Chinese 15 Apr 80 p 4

[Article by Jin Qichu [6855 6386 0443]: "Continue To Grasp Well the Expansion of Enterprise Independence Pilot Projects"]

[Text] last year the Tianjin municipality industry and transportation system acted in the spirit of the Party's Third Plenary Session of the 11th People's Congress and the directives of the municipality's Party committee and attempted to gain experience in restructuring the management organization system. Four hundred ninety-five state-operated industrial enterprises expanded enterprise independence pilot projects, while four industrial corporations carried out pilot projects in operating 'enterprization.' Both realized a great degree of growth in production and income, resulting in the beneficial results of enterprise rectification and an improvement in enterprise operations and management.

First, they called upon the labor zeal and productive vigor of the broad staff and workers to promote a thorough development of the movement to increase production while conserving energy, and brought about a large growth in production and a large increase in profits; and they realized the "three increased numbers" of the nation, the enterprises and individuals among the staff and workers, with the nation garnering the greatest dividends from these achievements.

At the pilot project enterprises, people routinely appeared who cared about the Four Modernizations and teams which promoted competitions; production surpassed itself month after month, profits steadily advanced and each target established favorable new levels. The total value of production achieved last year by the 495 pilot project enterprises surpassed that of 1978 by 13 percent and was 3.6 percent higher than the 9.4 percent increase accomplished by industry throughout the city. Profits passed on to higher authority surpassed those of 1978 by 15.65 percent and were much higher than the profit levels of industries subordinate to the city.

Second, basic management work was strengthened, and economic accounting was promoted. Owing to the profit retention (i.e. partial retention of



profits) and "rewards based on points." The pilot project enterprises had to carry out required rectification in basic management work, such as original records, fixed numbers of staff members, fixed quotas, calculations, statistics, etc. The solidness of work, which is the basic strength of the masses, is something we haven't had for years. For example, the Tianjin municipality's Second Clothing Plant improved its quotas twice in succession, with an increase of three percent the first time and two percent the second time. Of 19 working processes (at this plant) there were 12 whose quotas reached the advanced levels of similar businesses nationwide. At the same time, the pilot projects enterprises routinely set up economic accounting systems and "rewards based on points" programs for plants, workshops and shift teams. In another instance, last year a bicycle plant, faced with several price increases in raw materials, tested a "basic coupon system" which resulted in a major reduction in the consumption of raw materials, a growth in production and income and in an increase in profits which surpassed those of 1978 by 10.36 percent, the best level in history. The Tianjin Enamel-Insulated Wire Plant, the Tianjin Industrial Felt Plant, and several other enterprises put into practice economic accounting and "rewards based on points" programs and likewise enjoyed beneficial results.

Third, they carried out a positive survey of the marketplace, improved the quality of the products and increased the production of goods which satisfied the peoples' needs and were readily salable. Last year the pilot project enterprises improved the operating style, and, from the leading cadres to the masses of staff and workers, paid unusually close attention to the reputation and marketing of products from their own plants. In attending to the operating achievements of their own enterprises, leading cadres emerged as the moving force in grasping operations, with the masses of staff and workers taking on their responsibilities in a lively manner.

In order to make the products suitable for the needs of the market, they performed one market survey after another and positively increased production of "short (production) line" products to liven up the economy.

Acting in accordance with the needs of the market, the Tianjin Fourth Plastics Plant has increased the variety of printed plastic film from six types to 48 types, changed sluggish sales to fast sales and brought about an increase in profits of 84 percent over those for 1978.

In the past, the personnel taking orders at the Tianjin Storage Battery Plant were not enthusiastic, but when the change took place with leaders taking command, the business personnel emerged from the plant to pay visits to customers. With this major change in the operating style, there was an increase in profits of 60 percent over those of last year.

The Tianjin Municipality Radio Plant took the initiative in sending workers to customer organizations to perform preventive maintenance service.

carrying with it a mission to push the products as well, and they concluded new contracts on the spot with these customers.

Fourth, they accelerated the enterprises' steps in tapping hidden resources, innovating and rebuilding. In the last half of last year alone, the number of items involving rebuilding by the Tianjin Enamel-Insulated Wire Plant reached 50, and moreover results were clearly evident. For example, the recovery of electrolytic copper had not been realized for many years; in this instance with the workers themselves managing the installation of electrolysis equipment, they were finished in only 20-plus days, and by year's end they had recovered 5.5 tons of copper for a monetary savings of 30,000 yuan. This year, once again, they used 250,000 of production funds to build five enamel insulation machines to add to the 10 wire-drawing machines purchased last year with loan funds and set up a complete assembly line. It was estimated that if production was begun in July, by the end of the year the production of fine wire would increase by 300 tons, for an increase in profits of 1 million yuan.

In order to modernize its products, the Tianjin Dyestuffs Plant has borrowed a total of 1.2 million yuan, and, on its own, devised measures to utilize old and discarded materials and converted their old product of many years, sulphur dyes, into reactive dyes. Going into production in May, they saw results the same year. They made profits for the year of 16.7 million yuan, an increase of 29 percent over 1978 and the best level ever reached in history.

Fifth, they brought about improvements in the lives of the staff and workers and in collective welfare institutions. Last year, due to the implementation of profit retention by the pilot project enterprises, the welfare funds used in improving the lives of staff and workers and in paying rewards to them were increased. Improvements in the lives of the staff and workers were particularly obvious in the welfare institutions. Last year, preparations by some organizations for dormitory construction totalled more than one and a half times the number planned in past years. Many enterprises also improved the staff and workers' dining halls, nurseries, bathhouses, and so on. At the same time, thanks to the popularity of holding of staff and workers' conventions or staff and workers' conferences by the pilot enterprises, they discussed subjects of increased production and income and profit retention, and--especially for the welfare of the workers--the use of funds for rewards. They also greatly promoted democratic management for the enterprises, bringing into play the sense of responsibility of the broad staff and workers in acting as "masters of their own houses."

In summary, there are visible results from the independent pilot project work done by our city's broad enterprises. This must continue. To insure that the independent pilot project work of the broad masses is carried out well, and a further step is taken in promoting increased production and income, we deem it necessary that the three following problems be conscientiously resolved:



First, accomplishments in the area of allocation, such as profit retention and "rewards based on points" must continue to be consolidated and improved, and the productive zeal of the enterprises and the broad staff and workers aroused in an even greater fashion.

During last year's broad enterprises' independent pilot project work, there were not a sufficient number places where the enterprises put profit retention into effect so the funds used for production development by enterprises were retained less in proportion and constituted probably only approximately 20 percent. This year, based on the new measures approved by the State Council, additional funds given to enterprises for a new product testing system will basically overcome the lack of funds for production development. This benefits the pilot project enterprises in resolving the problem of capital needed to tap hidden resources, to carry out innovations, and to rebuild. This year the new measures further stipulate that, in order to show consideration for "neighboring relationships," there must be limitations on awards. Some comrades are worried that this could influence the staff and workers' positive attitude toward production. We hold that a suitable limit for rewards is necessary, because at present our treasury is still in difficulty, and it is not feasible to disburse rewards excessively. Moreover, consideration must also be paid to "neighboring relationships"; disparities cannot be too great. We should begin with the whole situation in mind and with an accurate recognition of this problem. Ideological and political work should be carried out positively, with conflicting relationships between the nation's interests and the individual interests, long-range and present-day interests, and universal and specific interests, clearly stated to the masses of staff and workers, so that they will go one step further in strengthening their sense that they are the masters of their own affairs. They must definitely build business through hardship and contribute their strength toward speeding up the building of modernized socialism.

At the same time that ideological and political work is being intensified, work to encourage quality in materials should also be carried out. To overcome equalitarianism when rewards are being given out, the limitation on rewards should be adhered to so that the reward truly reflects the actual circumstances by which the labor of the broad masses of staff and workers resulted in the overfulfillment of the quotas. This is extremely important in arousing the zeal of the broad staff and workers.

Last year in the pilot project enterprises, the practice of breaking down main production quotas into a certain number of minor quotas was promoted. It was put into effect at laboratories, workshops, shift teams, and was extended to individuals. Basing the accounting of separate point amounts on quotas, they implemented the rewards based on a points program; experience has proven that it is efficacious. This program reflects the consistency of economic responsibility, economic achievement and economic benefits and the good points they have for overcoming equalitarianism in the presentation of awards. At present there are several pilot project

enterprises which still have not implemented this program, and they had best quickly get on with implementing it. Of course, "rewards based on points" cannot be carried out everywhere according to a strict model. Each pilot project enterprise must apply it with flexibility according to its own special circumstances, and specific situations and moreover should not cease its work in summarizing, improving, and production so as to perpetuate its perfection. In putting into practice "rewards based on points," there must be integration with economic accounting. In carrying out "rewards based on points," the economic achievements of the plants, workshops (laboratories), shifts and even the individuals among the staff and workers must be totally included in the calculations. This then requires the formulation of a set of scientific management methods before it will be possible to reflect accurately the economic data at each level. Many pilot project enterprises are already operating in this manner and the results are quite good. All pilot project enterprises should popularize the overall economic accounting system throughout each plant. Two-grade or three-grade calculations can be used; this is determined based on the circumstances at the enterprise. Conditional organizations may use the "in-plant bank" or the "cashier's check" system based on economic accomplishments or problems as reflected on a daily or monthly basis in workshops (laboratories), with shift teams or individuals. In so doing, analytic factors are facilitated, measures are adopted, all economic quotas are achieved through guaranteed quality and volume and increased production and income are promoted. The total value of production of the 495 pilot project enterprises in the industrial and transportation system of our city comprises 54 percent of the total value of production of the entire city, and their profits comprise 83 percent of those of state-operated industries subordinate to the city. They are the prime force in the city's industrial growth in production and income. The good and bad aspects of the work of the pilot project enterprises prove to be a decisive influence as regards the condition of industrial production throughout the city. All pilot project enterprises should go a step farther in intensifying ideological and political work, in strengthening economic accounting, putting into effect the principles of distribution according to work, arousing the productive zeal of the broad staff and workers and in learning from Daqing and catching up with Shanghai, while developing the movement to increase production and conserve energy, and vigorously achieve a high degree of economic accomplishment through increased production and increased income. \*

Second, the two key links of the expansion of enterprise independence in production and circulation must be firmly grasped to stimulate the economy and launch production.

Since the pilot project enterprises implemented profit retention, there has been development of funds from quite a bit of production. Through tapping hidden resources, innovation, and rebuilding in production, productive capability has been expanded and there has been a fairly strong initiative. Last year, many pilot project enterprises had a high rate of increased production with many profits turned over to higher authorities.

The main reason for this was that tapping, innovating, and rebuilding was done well with obvious real results. For example, the Dagou Chemical Industries Plant took the initiative in taking on the production of 8,000 tons of polyvinyl chloride so as to establish a balance in the plant's chlorine. Results were seen the same year that a loan was taken out, and there was a high degree of growth in both production and profits.

This year, if the pilot project enterprises take the funds developed and acquired last year through developed production and "same-kind depreciation" and they are bound up for use together with funds for major repairs, in time of need they will reapply for some minor quota credit and can effect planned tapping of hidden resources, innovation and rebuilding. They can fill in the gaps and strengthen weak links, and this will definitely be of help in expanding productive capability and promoting increased production and income. It should also be noted that there are many old enterprises in our own city, with a lot of old equipment, and there is a pressing need to carry out tapping, innovating, and rebuilding. Furthermore, the latent energy for production is very great. We must only abide by the limits of authority in expanding enterprises in the area of production; make enterprises capable of conforming to the actual circumstances; use the limited funds well and actively; adhere to the principle of "first easy, later difficult;" equitably effect procedures for tapping hidden resources, innovating and rebuilding, and we will definitely get to the point where we are not spending much money yet are enjoying even greater economic achievements.

With regard to the problem of expanding the enterprises' independence in the field of circulation, the main things are to grasp firmly the link of market adjustment, stimulate the economy, and launch production. Last year, among the pilot project enterprises, quite a few organizations experienced a production mission shortfall at the beginning of the year due to a lack of markets for their goods. Some were affected to the extent that they were in a state of partially halted production and were seriously threatening the "increased production and increased profits." Under these circumstances, the pilot project enterprises looked at the market, undertook examinations and studies, paid visits to customers, and became aware of needs and requirements. They increased the production of products suitable to the peoples' needs for trial sales, and, pooling everyone's wisdom and efforts, pushed the sales of these products, contracted for their manufacture, stocked materials for their manufacture, took items from long lines to supplement the short lines and formulated every conceivable plan and method to launch new products, etc. They thereby opened up new outlets for production and fairly successfully solved the problem of shortfall in the production mission and insufficient materials. According to statistics, that part resulting from market adjustment for last year was 20 percent of the pilot project enterprises' production, with some comprising 30 percent. Closely related to the market adjustment is the improvement in the enterprises' operating style. Last year, the rate of increase in profits at the pilot project enterprises was generally

higher than that in production. A strong grasp of this link of operations management is an important factor. If our enterprise management is said to be backward, then in operations we are even more backward. From now on, accompanying the development of adjustments in the market, operations work must be intensified. Practice has proven that under the guidance of planned adjustment, market adjustment is beneficial in the enterprises' development of production, in raising competitive ability, in improving the enterprises' operations management, and in increasing stocks, and should be persistently continued.

Third, take the independence of the broad enterprises and combine it with the businesses in carrying out readjusting and rebuilding, and vigorously promote the gradual realization of administration "enterprization." At the Second Session of the Fifth People's Congress, Comrade Hua Guofeng pointed out in his "Report on Government Work": "There should be a planned and preconceived establishment of various kinds of special corporations and combined corporations of the enterprise type. Many of the presently existing enterprises which are 'large and whole' or 'small and whole' and with the backward condition of low economic efficacy, will gradually be changed. Also to be gradually changed are the many presently existing overstaffed, overlapping and economically inefficient administrative organs which try to manage the backward economic circumstances."

At present, the majority of the industrial corporations in our city are of the administrative type and only by gradually being converted to enterprise type corporations will they be able to meet the needs of the great production of socialism.

Last year, a few industrial corporations in our city had trial operations as enterprise type corporations. Of those, the Yarn-Dyed Fabric Corporation pilot project progressed fairly quickly and achieved obvious results. In 1979, this corporation's total industrial value of production increased over that of 1978 by 26.3 percent. The rate at which pure cotton and washed cotton yarn-dyed fabrics entered the warehouse as grade-one goods surpassed the best previous historical level. Comparing it with the yarn-dyed goods across the country, the fabric from this corporation was rated fourth in the eight name-brands across the country. There was a nationwide reevaluation in March of this year, and this corporation had three more products selected as "name brands" (of a total of 11 nationwide) so the corporation as a whole has seven "name-brand" products. Profits passed on to higher authority last year increased over those of 1978 by 28 percent.

The experiences of this corporation were related to us thus: In a city with old industries such as Tianjin, the broad independent pilot project enterprises were combined with the industries which are carrying out readjustments according to the principle of cooperative specialization. Thus, the trades tapped hidden resources, innovated, and rebuilt, and as a result, those enterprises which were originally "large and whole" or



"small and whole" progressively became specialized cooperative production plants. Moreover, on this foundation, corporation independent economic accounting was carried out, with the uniting of the corporation with the administration as the main factor; and, at the same time, the class division accounting system in plant accounting was carried out, and this was a route toward the Four Modernizations goals which is "more, faster, better and economical."

All administrative type corporations should study the experiences of the Yarn-Dyed Corporation, which are that "first it is easy, later it is difficult." In organizing on a foundation of specialized cooperation, the ingredient of unified administration and management is progressively increased, so that the transitional enthusiasm in preparatory conditions toward corporation administration enterprization will result in a building of an enterprise style corporation within a fairly short period. This is the essential objective requirement in the great production development of socialism and is the important move in the transition of our industrial management level from a small production program to the major production program of socialism. We should thoroughly recognize this kind of mandatory trend in industrial development and consciously carry out business according to objective economic laws, thus accelerating the pace by which the Four Modernizations are realized.

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CSO: 4006

## NATIONAL ECONOMIC POLICY

### 'RENMIN RIBAO' ON IMPORT POLICIES

HK170714 Beijing RENMIN RIBAO in Chinese 11 Aug 80 p 1

[Editorial: "Importing From ABR AD Must Serve the Readjustment of the National Economy"]

[Text] A major economic policy at present is to import advanced foreign technology and equipment in a step-by-step and selective manner so as to better serve the readjustment of the national economy.

The proper importation of advanced foreign technology and equipment and giving full play to technological and economic results will enable those weak links in the national economy and departments that must be urgently developed to make progress in a short time, thereby facilitating the readjustment of proportions among various sectors in the national economy. If technology and equipment are not properly imported, it will affect the overall balance on the national economy and thus aggravate the imbalances in various sectors in the national economy. The whole party must therefore attach great importance to this extremely important issue.

In the past 30 years, the importation of technology and equipment in our country has registered great achievements. The different points of emphasis and different scales of imports at different times have played important roles in establishing and strengthening the industrial foundation of our country, raised the technological level and the productive forces and filled the gaps in some trades. However, the 10 years' upheaval caused by the counterrevolutionary gang of Lin Biao and Jiang Qing and their ilk, the long-existing inclination toward the "left" in the economic front, and the practice of seeking speed through grandiose projects have caused several serious dislocations in the proportions of national economic development. This has had a direct effect on our imports of foreign technology and equipment. According to statistics, in the past 30 years, the imports of technology and equipment in metallurgy have occupied a considerable proportion of imports accounting for slightly more than one quarter of the total, light and textile industries have only accounted for a 12 percent of the total, and light industry only 1.4 percent. Transport and communications, which is known as the national



economic "vanguard," is always a weak link, the total amount of its imports in the past 40 years accounted for only 0.5 percent of all imports. There has been almost no import in agriculture. Of course, the proportion of technology and equipment imports for heavy industry was greater in the early days after the founding of the PRC, however, the protracted nature of this phenomenon turned into a problem. In the past, we imply interpreted importing technology as importing equipment, and mainly imported complete sets of equipment, accounting for more than 90 percent of total import spending. However, very little was truly spent on importing technology. Some imported projects were started hastily but could not be completed for a long period of time, thus the economic effects were very poor; there was nobody to look after some projects, and equipment costing thousands and millions of yuan was left idle in the warehouses or the wilderness, or left to the strong winds and heavy rain, thus rotting and rusting. This was sheer waste of the people's sweat and toil. Since the smashing of the "gang of four," in particular since the 3d plenary session of the 11th central committee, there has been a new situation in import work. However, there still existed a considerable degree of blindness for a certain period of time, and the pace of imports was a bit too big and too fast. Although the problem was soon discovered and some correctional measures were adopted, much hard work is needed to eliminate the troubles caused. Summing up the experiences and lessons: to do well in importing technology and equipment, we must persist in the policy that imports should better serve the readjustment of the national economy according to objective needs and possibilities.

At present, the first and most important rule in making imports serve economic readjustment is to implement the principle of acting according to our capability as far as the scale of imports is concerned. It is a good thing to import, but this absolutely does not mean the more imports the better, or the larger the scale the better. The national economy is an organic entity, just like the intestines and stomach of man, and there is a limit in how much one can receive, digest and absorb. The scale of importing technology and equipment is controlled by our capacity for knitting the whole into one, the technological and management level and our capability to repay foreign exchange. Thus we must act according to our capability, which means that the scale of imports must be appropriate. In the past, because of serious blindness in importing technology and equipment we suffered a lot from "high targets" (which is "large scale" imports); now we must proceed in an orderly way and move steadily and surely and not do a rush job in future imports.

To adhere to the principle of making imports serve economic readjustment, we must resolutely implement the principle of placing emphasis on the order of agriculture, light industry and heavy industry. In recent years, our main task has been to consolidate the national economic foundation in our country by readjusting and strengthening the weak links. Import work must serve the key points of investment in the national economy and industries that are weak links such as developing energy (in particular

the exploitation of energy resources in which our country abounds) and transport and communications. It must serve to develop agriculture and light industries; it is necessary to place emphasis on developing medium and small projects that require less investment but can produce quicker returns and earn more foreign exchange so as to expand exports. One of the important guiding ideas for developing the economy in our country is to take full advantage of the superior features. In importing advanced foreign technology and equipment, we must pay full attention to using the strong points of our economy. For example, our country has much manpower, but its technological level is relatively low, thus we should import more suitable technology and put emphasis on developing labor-intensive industries instead of unilaterally pursuing the "newest technology" that requires a large amount of money and saves manpower.

To persist in making imports serve economic readjustment, we must also insure that such imports are mainly used for tapping potentials and for renovation and innovation of equipment in old factories. Such imports should not be used mainly for extending the scale of projects or for building new plants. The productive capability and product quality in some old factories can be greatly raised so long as some key technology is imported and the original equipment is suitably improved. By doing this, we can use less money and achieve quicker returns, so as to get twice the result with half the effort. Due to weak national strength in our country, the living standard of the people is low, and construction funds are hard-earned, therefore, we must study over and over again while importing, weigh the advantages and disadvantages, calculate carefully and budget strictly and pay attention to economic effects.

In the past few years, there has been increasing development in international technological trade, and the transfer of special technology and various forms of technological service is growing more common. During the period of readjustment of our national economy, we must pay full attention to importing foreign scientific management skills as well as scientific knowledge and technical knowhow. It is particularly important to import management skills, because raising the management level further will itself be worth thousands and millions of yuan of imports. The potential in this regard is great indeed.

Since the smashing of the "gang of four," there have been significant results in the readjustment of the national economy, and the prospect is very promising. However, the task in front of us is still very formidable. We must clear away all obstacles and truly solve the actual problems, work in concert to do well in imports and further stimulate the smooth completion of readjusting the national economy.

## NATIONAL ECONOMIC POLICY

### EXPERIMENTS WITH INDUSTRIAL ENTERPRISE RESPONSIBILITY

OW192203 Beijing XINHUA Domestic Service in Chinese 1235 GMT 19 Aug 80

[Text] Beijing, 19 Aug--In a recent circular, the State Economic Commission asked all provinces, municipalities and autonomous regions to select one or two state-run industrial enterprises this year to experiment with the system of "independent accounting while paying taxes levied by the state and being responsible for their own profits and losses." This work, which is to be carried out simultaneously with the efforts to expand the enterprises' decisionmaking power as planned, is aimed at acquiring experience for enlarging the experiment next year so as to popularize the new system step by step in an endeavor to further improve economic management.

The State Economic Commission's circular was based on an instruction of the State Council. The general practice under the original economic management system in our country is for the state to take care of the revenues and expenditures of its industrial enterprises. That is, a state-run enterprise turns all its profits over to the state, and if it needs money for some purpose, it has to ask the state for an appropriation. If there is any loss suffered by the enterprise, it is made up by the state. With its profit and loss taken care of by the state, the enterprise is not affected by its operation results; in other words, it makes no difference whether the enterprise earns or loses money. Since all eat from the "common bowl," there is a lack of economic motive force within the enterprise to develop production, and it is impossible to give full play to the enterprise's initiative. This state of affairs has been improved to a great extent since the experiment work on expansion of the enterprise's decisionmaking power was started in some localities and the system of profit sharing was put into practice. This year, with guidance and assistance from the department concerned, a few enterprises in Shanghai, Sichuan and Guangxi have started on a trial basis the system of "independent accounting while paying taxes levied by the state and being responsible for their own profits and losses." They no longer give the state the profits they have earned, but instead pay a tax to the state. The profit after tax payment is handled by the enterprises themselves. The better the production work, the more profit is earned and the more

profit is retained by the enterprise after paying the state tax. In case of a loss, the enterprise is responsible for it, and the state no longer gives anything to make it up.

To solve the problem of unreasonable tax burdens, Shanghai and Guangxi have improved and perfected the tax system in conducting the experiment in the enterprises. For example, the method of calculating tax on the basis of the total amount of sales of products was replaced by that on the basis of increase in value. That is, the total amount of sales minus the cost of raw materials, fuels and other supplies used for production--the increase in value through production--is used as the basis for tax calculation. The purpose is to change such unreasonable states of affairs as double tax and light tax burdens on factories making many products but heavy tax burdens on factories engaged in specialized production [quan neng chang shui fu qing zhuan ye hua sheng chan chang shui fu zhong 0356 5174 0617 4451 6298 6533 1413 2814 0553 3932 3934 0617 4451 6298 6850]. Also, in view of the vastly different profit rates of different enterprises owing to objective factors such as the price of the product, availability of resources, technical equipment and geographic location, an adjustment surtax is levied on the extra revenue earned by the enterprises with favorable conditions. In this way all enterprises are placed at a level whereby their gains are comparable to the subjective efforts they have exerted.

In addition, according to local conditions, each of the three localities collects other taxes and fees from the enterprises selected for experimenting with the system of responsibility for their own profits and losses.

Practice has shown that the system of state-run enterprises responsible for their own profits and losses is a further development of the experimental work on expansion of the decisionmaking power of enterprises. It is of vital significance to the improvement of the economic management in our country.

[DW192208] In the "circular" the State Economic Commission introduced how the enterprises selected for experimentation in Shanghai, Sichuan and Guangxi take responsibility for their own profits and losses. It pointed out that their measures are not exactly the same but that they do have the following advantages in common:

1. The ratio between the profit going to the state and the profit retained by the enterprise is fixed by the levy of tax. This insures a more timely, stable and reliable financial source for the state.
2. There is a guarantee for the enterprise's revenue. The enterprise can "forecast its financial status 3 years ahead" and can better arrange its production development plan by itself.

3. The problem of the vast difference in profit and the uneven state between different trades and enterprises can be properly solved through the adjustment by tax. This puts the enterprises in a better position to take the initiative to improve their management and to increase their profits by tapping their own potential.

4. With the improvement of the tax system, the local governments can also receive a certain proportion of tax revenue, which can be used in urban construction, cultural and educational work and welfare activities. This will gradually lighten the burden on the enterprises in this respect.

The circular of the State Economic Commission stressed that the experimental work conducted in Shanghai, Sichuan and Guangxi was introduced for use as reference in other localities. All localities and departments should proceed from reality and draw up plans suited to local conditions to implement in enterprises on a trial basis the system of "independent accounting while paying taxes levied by the state and being responsible for their own profits and losses." They should select enterprises for this experimental work, strengthen their leadership and make ceaseless efforts to sum up experience so as to make the work a real success. To enable those units in Shanghai, Sichuan and Guangxi to concentrate on their experimental work, the circular asked other localities and departments not to visit them for the time being. From now on, however, the State Economic Commission will see to it that experience in this regard is introduced and exchanged in a timely manner.

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## ECONOMIC PLANNING

### ANHUI MUNICIPALITY READJUSTS LABOR POLICY PROVISIONS

OW140400 Beijing XINHUA Domestic Service in Chinese 1310 GMT 13 Aug 80

[Text] Hefei, 13 Aug--Anqing Municipality, Anhui Province, recently issued a document that made readjustments in some provisions of the municipality's present labor policy that were unfavorable to the development of collective economy.

It was stipulated in this document of Anqing Municipality that all collectively-run enterprises and institutions that carry out independent operations and business accounting assume sole responsibility for profits or losses, have bank accounts and are authorized by the department in charge and are hereafter generally referred to as enterprises and institutions with collective ownership. The terms "large collective" or "small collective" will no longer be used. Workers who join collectively-run enterprises and institutions with authorization will come under the unified supervision of the labor department concerning collective workers. Their seniority will be computed from the month they receive their wages.

The principle of "distribution to each according to his work, more pay for more work" should be fully reflected in the wages of workers of newly-established enterprises and institutions. Depending on the production and operation of each enterprise, the wage level may be lower than, equal to or higher than state-owned enterprises. As regards wage form, the direct piece-rate wage system may be introduced in units or types of work where production quotas can be fixed. In cases where production quotas cannot be fixed on an individual basis, a shift or group quota may be formulated and the indirect piece-rate wage system may be used. There should be corresponding floating rates for the time wage, which does not specify production quotas. In other words, a bonus should be added to the time (fixed) wage. The floating wage should be one-third of the time wage.

As for promotion of new workers, the treatment for apprentices in state-owned enterprises may be applied to the recruits during the probation period, which is not confined to the number of years set for the



apprentices in state-owned enterprises. After completing their study and training, the new workers will be examined on their proficiency in independent operation and in technical (vocational) matters to determine their promotions.

The document says: Workers in the newly-established enterprises and institutions are entitled to labor protection for their respective work posts in accordance with the provisions for state-owned enterprises. Moreover, veteran workers are also entitled to retirement and severance benefits, depending on their enterprises' production and operation. Grain departments should take into account the different types of productive labor and give a fixed amount of grain for work that is of the same type as that in state-owned enterprises.

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## ECONOMIC PLANNING

### HEBEI HOLDS MEETING ON REORGANIZING EXISTING ENTERPRISES

HK120810 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT  
3 Aug 80

[Text] The provincial people's government recently called a meeting of directors of prefectural and municipal economic and planning committees. It laid emphasis on discussing and studying ways to develop good points and weak ones, give play to superior features, stimulate joint undertakings, take practical measures to closely combine tapping potentials in and reforming existing enterprises with industrial readjustment and reorganization, and accelerate the pace of industrial development. Responsible comrades of the provincial and municipal industrial, capital construction and communications bureaus also attended the meeting. Yue Zhongtai, deputy secretary of the provincial CCP committee and vice governor, and Lan Kaimin, member of the Standing Committee of the provincial CCP committee and vice governor, attended and addressed the meeting.

The meeting held: Leading central comrades recently suggested that we give play to superior features, protect competition and stimulate joint undertakings. This is an important policy to properly fight the first battle in readjusting the national economy and accelerate the building of the four modernizations. In tapping potentials in and reforming existing enterprises, we cannot depart from the principle of readjustment and the policy of giving play to superior features, protecting competition and stimulating joint undertakings. If we depart from this principle on policy, we will lose our bearings in tapping potentials and making reforms. The effort to tap potentials and make reforms must be combined with industrial readjustment and reorganization. We must change the situation in which enterprises are small and complete and big and complete and develop specialized production. We must direct our efforts toward giving full play to superior features.

Through studying the relevant documents of the State Council, this meeting summed up our province's experiences in tapping potentials and making reforms. Various prefectures and municipalities and industrial, capital construction and communications bureaus under the province reported on a

number of planned key construction projects. At the same time, they put forward views on arrangements for next year and initial projections for the period of the Sixth 5-Year Plan. These key projects are superior products of our province. Individual products are in short supply and mostly require joint undertakings. We must organize coordination between specialized departments, draw on the strong points to make up for the weak ones and complete these projects in 2 or 3 years. The completion of these projects will insure the growth rate of our province in the period of the Sixth 5-Year Plan and bring about relatively great changes in our province's industrial production structure.

The meeting called on various areas and departments to fully realize the importance of properly tapping potentials in and reforming existing enterprises.

The meeting pointed out that for a fairly long time to come, especially in the period of the Sixth 5-Year Plan, we must chiefly rely on tapping the potentials of existing enterprises in developing the national economy, providing more products to meet market and export needs, and increasing capital accumulation. Therefore, we must strengthen the effort to tap potentials and make reforms.

The meeting suggested that all levels establish potential-tapping and reform leadership groups and examination and approval committees to do this job well. The economic committees must incorporate tapping potentials and making reforms in unified plans, strengthen the effort to promote a comprehensive balance and do a good job of making investigations and studies, checking market conditions, taking economic results into consideration and finding out those items that have potential resources to be tapped and leave room for improvement. In seeking proper balances in fuel, energy and material supplies, we must take good care of the four fields--capital, equipment, material and the construction force. Giving prominence to the energy industry and the light and textile industries is the focus of the effort to tap potentials and make reforms in the future. We must concentrate forces on a battle of annihilation and achieve the aim of acting according to our capability and doing our best. Key items must be resolutely handled in accordance with the procedures of capital construction.

The meeting also urged taking intensive measures to complete the items for potential tapping and reform this year, so that we can provide more favorable conditions for the development of production next year. To give better play to the role of capital in tapping potentials and making reforms, the meeting decided that we must use capital in a concentrated manner, and give priority to insuring the superior features and joint undertakings.

## ECONOMIC PLANNING

### BRIEFS

**ANHUI LABOR PROTECTION CONFERENCE**--The Anhui Provincial Trade Union Council recently held a provincewide conference on labor protection work. The conference called on the trade union organizations at all levels in the province to strengthen labor protection work and help enterprises' administrative branches prevent labor injuries and deaths from happening and reduce environmental pollution levels in the interest of workers' health. Comrade Meng Jiaqin, vice governor of Anhui and chairman of the provincial safety commission, attended and addressed the conference. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 12 Aug 80 OW]

**SHANGHAI JOINT ENTERPRISES**--The number of joint enterprises on the outskirts of Shanghai involving industrial and agricultural units has increased to 72 in the past 18 months since February of 1979. Among them 20 have begun production and about 30 more will be built and put into operation within the year. The remainder will be completed next year or in 1982. The total annual output value of all these 72 joint enterprises may reach the mark of 600 million yuan as soon as they are completed. They will enjoy a labor force of 30,000 persons, with 80 percent of them from the agricultural sector, which will receive an industrial profit of 45 million yuan each year. Participating in this joint project are Shanghai Municipal Handicraft, light industrial, textile, chemical industrial, foreign trade and other bureaus; the 10 counties under the municipality; and more than 50 communes and townships on the outskirts of the city. [Shanghai City Service in Mandarin 2300 GMT 12 Aug 80 OW]

**FUJIAN PRODUCTION RESPONSIBILITY**--Recently, the Fujian Provincial CCP Committee announced that all types of systems of production responsibility in the countryside must be stabilized and must not be changed. This was revealed by Ma Xingyuan, secretary of the Fujian Provincial CCP Committee and provincial governor, at the recently held conference of the secretaries of the prefectural and municipal CCP committees. [HK150751 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 14 Aug 80 HK]

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## CENTRAL ECONOMIC INFORMATION

### BRIEFS

ANHUI ECONOMIC COMMISSION REPOP.--Anhui Provincial Economic Commission recently conducted an investigation of the 34 enterprises in Hefei and Bengbu cities which have been experimentally exercising expanded self-decision rights for over 10 months. All these enterprises have made gains in output value, output, quality, variety and profit. Comparing the 1979 and 1978 figures, the enterprises in Hefei registered 13.37 percent and 27.54 percent increases in output value and profit respectively, which were 6.55 percent and 23.74 percent more than the city's average. The Bengbu enterprises registered 11.5 percent and 29.5 percent increases respectively, which were 8.7 percent and 21 percent more than that city's average. In the first 5 months of this year, as compared to the same 1979 period, those enterprises in Bengbu made 46.06 percent and 62.54 percent increases in output value and profit respectively, and those in Hefei made 14.8 percent and 2.3 percent increases despite a drastic drop in state tasks resulting from readjustment. The 12 enterprises in Hefei overfulfilled 1979 profit target by 15.86 million yuan. Of the targeted profits and excess profits respectively, the state took 87.85 percent and 63.33 percent, the enterprises 7.9 percent and 25.95 percent, and individuals 4.25 percent and 10.52 percent. [OW080031 Hefei Anhui Provincial Service in Mandarin 1100 GMT 3 Aug 80 OW]

BEIJING HONORS UNITS, INDIVIDUALS--Beijing, 15 Aug--At a ceremony today jointly held by the Municipal Federation of Trade Unions, the municipal office in charge of education for industry and agriculture and 5 other departments, 120 advanced units and 287 advanced individuals newly chosen in Beijing were commended and awarded for doing a good job in worker and staff education. Beginning in May this year, the Beijing Municipal Federation of Trade Unions, the Municipal CYL Committee, the municipal office in charge of education for industry and agriculture, the municipal economic committee, the municipal construction committee, the municipal office in charge of finance and trade, and the municipal national defense industries office jointly conducted an inspection and evaluation work on worker and staff education throughout the municipality. Yuan Baohua, vice minister of the State Economic Commission, addressed today's commendation ceremony. Ye Lin, secretary of the Beijing Municipal CCP Committee, also attended the ceremony. [Excerpts] [OW160620 Beijing XINHUA DOMESTIC SERVICE in Chinese 1415 GMT 15 Aug 80]

GUANGXI COMMUNE, BRIGADE ENTERPRISES--In the first half of this year, the total income from commune and brigade enterprises throughout Guangxi reached 344.59 million yuan. This was an increase of 11.78 percent over the corresponding period of last year. During the same period, the output of bricks in the region increased by 11.28 percent, while cement increased by 24.17 percent. Such enterprises in the suburbs of Nanning Municipality also produced 51.89 million red bricks, an increase of 100 percent over the corresponding period of last year. In Lingshan County, income from tea processing accounted for 20 percent of the total income of the commune and brigade enterprises throughout the county, while in Xingan County, the people planted 3.3 million tangerine trees. In the first half of this year, output of salt from the four coastal counties and municipality in Qinzhou Prefecture increased by 2.87 times over the corresponding period of last year. [HK160651 Nanning Guangxi Regional Service in Mandarin 1130 GMT 14 Aug 80 HK]

GUANGZHOU INDIVIDUAL ECONOMY--From August 1979 to July 1980, 6,800 business licenses have been issued to individual households in Guangzhou, employing 7,500 people. The businesses include repair services, miscellaneous commodities, fruits, Chinese medicinal herbs, small scale catering and other service utilities, which provide conveniences for the people, more jobs for the unemployed and enliven the markets in the cities and countryside. [HK200151 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 15 Aug 80 HK]

HEILONGJIANG LAND CERTIFICATE--The Harbin Municipal People's Government held a meeting on 30 July to present land certificates to 93 units. The land certificates are legal forms of guarantee of ownership of land and the right to use it. Its presentation is of great significance in solving land problems, enhancing unity and promoting production. Over the past 2 years, 216 units have received such certificates in Harbin. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 1 Aug 80 SK]

HEILONGJIANG SELF-EMPLOYED BUSINESSMEN--Households engaged in individual labor and business have greatly increased in Heilongjiang Province since the beginning of 1980. According to statistics compiled by departments concerned, Heilongjiang Province now has 28,247 households engaged in small business, thus solving the problems of 28,404 jobless people. The number of such households set up this year doubled last year's figures. Most of these self-employed businessmen are engaged in repairing, processing, catering and service work or in small business. They have served as a supplement to the shortage of state owned and collectively owned commercial, catering and service centers and have played an active role in enlivening markets and increasing service items. Such small businessmen are well received by the masses. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 9 Aug 80 SK]

HEILONGJIANG LABOR PLAN--Hailun County in Heilongjiang Province has decided to allow communes and brigades having excessive labor forces to free men and women members over 50 years old from collective labor. Such commune members are free to decide whether or not they want to participate in collective labor. The decision was adopted in order to support and accelerate the development of domestic sideline production and individually owned enterprises. These men and women members will be preferentially assigned to the work in collective sideline production to bring their experience into full play and enable them to make still greater contributions to developing the rural economy. Such men and women members will continue to receive an equal share in food grain distribution no matter what production task they engage in. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 10 Aug 80 SK]

JIANGSU WELFARE CIRCULAR--The Nanjing Municipal CCP Committee in Jiangsu issued a circular on 13 August, calling on the party committees at all levels of the municipality to stop the evil practice of producing so-called "welfare" products by some industrial and other enterprises for their own staff members and workers. Over the past year or so, the circular said, some enterprises in Nanjing have used raw materials to manufacture daily necessities and sold them to their own staff members and workers at lower prices under the name of promoting their welfare. The circular ruled that such enterprises must ask their workers and staff to pay full price for the so-called "welfare" products sold to them and that the practice of manufacturing "welfare" products for workers be immediately discontinued. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 14 Aug 80 OW]

JIANGSU CITY LABOR FORCE--Changzhou Municipality in Jiangsu has successfully solved its residents' employment problems by developing production to create jobs. At present, more than 243,800 people or 67 percent of its population of 400,000 are employed, and the number of employment opportunities created exceeds the growth of its labor force. For instance, nearly 10,000 employment opportunities have been created this year, but its labor force can supply only about 8,000 persons. Its growing industry's total output value for 1979 amounted to 3.24 billion yuan and its revenue for that year totalled 510 million yuan, representing increases of 41 and 121 times respectively from the early years following liberation. Among the employed, more than 113,000 are employed by the city's collectively-owned enterprises, accounting for 46 percent of the total number of people employed. The natural growth rate of the city's population in 1978 was 0.5 percent--lower than the national average of population growth. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 14 Aug 80 OW]

JIANGXI QUALITY MANAGEMENT ASSOCIATION--After extensive deliberation and consultations, the Jiangxi Quality Management Association was established. The first meeting of the executive committee was also held, and unanimously elected Liang Kaixuan, vice provincial governor and chairman of the provincial science committee, chairman of the association. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 10 Aug 80 HK]

JILIN INSURANCE BUSINESSES--Jilin Province has reopened insurance companies in nine municipalities, including Changchun, Jilin, Siping, Liaoyuan, Yanji, Tumen, Baicheng, Tonghua and Hunjiang, as well as in three counties--Dehui, Lishu and Huaide. Since April 1980 these companies have been getting more involved in the insurance business. They chiefly provide property insurance for enterprises. Insurance for freight, automobile and household property are also part of their business. By the end of July, these insurance companies had signed insurance contracts with 685 enterprises with a property value of 200 million yuan. They earned profits of 3.4 million yuan. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 16 Aug 80 SK]

QINGHAI QUALITY CONTROL SOCIETY--The Qinghai Provincial Product Quality Control Society was recently established. The main tasks of the society are to organize members of the society to conduct academic exchanges on controlling product quality, to train cadres, to popularize scientific knowledge and to sum up and exchange experiences in quality control activities. All persons who have specialized knowledge and experience in this field may apply to become society members. At the recent Qinghai Provincial Congress of Product Quality Control Groups, 20 units introduced their experiences in carrying out this work and 4 units gave speeches on special topics. After consultation and debate, the congress selected three units to represent Qinghai Province in the upcoming national congress on product quality control groups. [Xining Qinghai Provincial Service in Mandarin 2330 GMT 10 Aug 80 SK]

QINGHAI CONFERENCE--Following a 7-day session, the Qinghai Provincial Industrial and Communications Work Conference sponsored by the Qinghai Provincial People's Government concluded 12 August. The conference analyzed the production situation in the past 7 months, exchanged experience and discussed ways to promote production. The conference revealed that since the beginning of 1980, industrial and communications production in Qinghai Province has steadily developed. In the first 7 months of this year, the total industrial output value of the province achieved 57.2 percent of the annual plan, an increase of more than 6 percent over the corresponding 1979 period. Output of all other major products also increased significantly. [Xining Qing Hai Provincial Service in Mandarin 2330 GMT 13 Aug 80 SK]

ZHEJIANG ELECTRICAL APPLIANCES--This year Zhejiang Province has achieved good results in developing its electrical appliances industry. As of the end of July, production was 93 percent above the 1979 corresponding period in terms of total output value. During the January-July period, the production of electric fans and washingmachines increased six times and electric irons increased three times compared with the same period of last year. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 20 Aug 80 OW]

## FINANCE AND BANKING

### BRIEFS

**ZHEJIANG INDUSTRIAL CAPITAL**--Hangzhou, 12 Aug--Industrial departments of Zhejiang Province have taken measures to speed capital turnovers and cut down tied-up floating capital. As a result, about 300 million yuan, or 57 percent of the state-provided capital construction funds which were tied up in the past, were freed for recirculation. Also in the first half of this year, the total output of the province's industrial enterprises under all-people ownership rose 26.7 percent over the same period of last year, while tied-up floating capital was only slightly increased, by 1.87 percent. [Beijing XINHUA Domestic Service in Chinese 0245 GMT 12 Aug 80 OW]

**SHANGHAI TAX REDUCTION**--To give play to the positive role of cooperative stores in activating the market, boosting the economy and settling jobless youths, Shanghai's Tax Department has decided--and promulgated new regulations on 12 August--to reduce income tax for cooperative stores whose businesses are mainly commercial retailing, wholesaling, purchasing, catering and services. According to the new regulations, there will be a 30 percent reduction of business income tax for all units whose annual income is below 20,000 yuan, and there will be a 20 percent reduction of business income tax for all units whose annual income is above that figure. The regulations became effective on 1 January this year. From now on, when the state issues new regulations on income tax for cooperative stores, the new regulations will be followed. [Text] [OW191111 Shanghai City Service in Mandarin 2300 GMT 18 Aug 80 OW]

**ANHUI INDUSTRIAL LOANS**--The Anhui Provincial Finance Department has sizably increased technical loans to collectively-owned industrial enterprises in the province. By mid-July the department had approved a total of 22.7 million yuan in bank loans to 62 projects, 1.9 times that of last year. Some 72 percent of the loans are made to light textile and electronic industries. Two thirds of the projects will be completed and put into operation this year while the rest will be completed in 1981. Upon completion, the projects are expected to produce a total of 185.3 million yuan in annual output value, to turn in 17.2 million yuan of tax to the state and to earn 19.3 million yuan as profits. [OW100024 Hefei Anhui Provincial Service in Mandarin 1100 GMT 7 Aug 80]



GUANGDONG RURAL SAVINGS--In the first half of this year, the credit cooperatives in the countryside of Guangdong received 1.56 billion yuan in savings. This included 1.13 billion yuan of the peasants individual savings, an increase of 35.8 percent over the end of last year. From January to June, the credit cooperatives throughout the province issued 659.4 million yuan in agricultural loans each quarter, an increase of 285 million yuan over the corresponding period of last year. Currently, there are 14,400 credit cooperatives and depots in the countryside throughout the province, providing an average of one credit organ for every two production brigades. [Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 1 Aug 80 HK]

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## FUELS AND POWER

### HONG KONG PAPER REPORTS ON SOUTH CHINA SEA OIL EXPLOITATION

HK191440 Hong Kong TA KUNG PAO in Chinese 18 Aug 80 p 1

[Report from Guangzhou: "Exploitation of South China Sea Oil Enters New Stage"]

[Text] The South China Sea oil exploration command has actively made use of foreign investments, equipment and technology to explore for oil in the bed of the South China Sea, and has achieved relatively good economic results.

In the past year, this command has worked in cooperation with a few U.S. oil companies such as Amoco, Mobil, Exxon, Caltex and Philips and obtained data from high quality seismological tests covering an area of some 870,000 square kilometers.

Recently, this command post cooperated with the French (Dudar) Oil Company and established the first joint management organization in Zhanjiang--the Oil Management Committee. They worked together to explore oil resources in an area of 110,000 square kilometers in the Bac Bo Gulf.

Oil exploration and exploitation work in the South China Sea has now entered a new stage.

The main base for the South China Sea oil exploration work is in Zhanjiang. A joint team for the initial phase of exploration and exploitation of the sea bed has been set up and accordingly, a complete complex of production and living facilities has also been set up. At the base, there is a wharf which allows many ships to berth at one time and which is reserved for oil purposes. There is also a heliport for marine helicopters, as well as foreign imported and advanced vertical drilling platforms, semisubmerged self-propelled drilling platforms, digital seismological rigs, engineering platforms which serve at the same time as a pile drivers, dredges and floating cranes, and different kinds of tugs. Aside from all these, there are more than 10 Chinese-built oil and water tankers, tugs, freighters, fishing boats and communications vessels. There are also technical forces and marine exploration equipment

for scientific research, design, meteorology, transportation, communications, machine maintenance and machine building and drilling operations. An electronic computer station which is of advanced international standards is under construction at the moment and will be responsible for analyzing the data gathered in marine and geophysical exploration and drilling.

The South China Sea oil exploration command has done a lot of work since its organization in 1973, both on the land and on sea and from geophysical exploration to drilling. Various data shows that the South China Sea is rich in oil resources. The thesis put forth by the late Li Siguang, a famous Chinese geologist, that "oil is not only to be found in the northern part of China, but also in the south" has now been proved correct.

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## FUELS AND POWER

### XIZANG 'HOT FIELD' RICH IN GEOTHERMAL ENERGY

OW152006 Beijing Xinhua Domestic Service in Chinese 1141 GMT 14 Jun 80

[Newsletter by RENMIN RIBAO correspondent Hu Shiyang and XINHUA correspondent Jiang Shunzhang: "Hot Field Under Ice and Snow-Covered Mountain Ridges--Random Notes on a Scientific Trip to the Qinghai-Xizang Plateau"]

[Summary] Lhasa, 14 Jun--"On 5 June nearly 100 Chinese and foreign scientists attended the scientific symposium on the Qinghai-Xizang plateau visited the Yangbajing hot field [Re Tian 3583 3944] in Xizang, China."

The Yangbajing hot field is located to the northwest of Lhasa, more than 1 hour's ride by car along the Qinghai-Xizang highway. It occupies a 15-square-kilometer area. Here, at the foot of snow-covered mountain ridges, are high-temperature springs, hot springs, warm springs, a hot water lake, geysers and so forth. Some high-temperature springs are as hot as 92 degrees centigrade.

The hot water lake in the eastern side of the hot field covers an area of over 7,300 square meters reaches a maximum depth of 16 meters. The average atmospheric temperature here is only a little more than 2 degrees centigrade, but the water temperature at the lake's surface is as high as 45 degrees.

"The Yangbajing hot field not only is of significant value for scientific studies but also is of very high economic value. According to measurements by our country's scientific workers the natural heat radiation of the entire hot field is about 116,000 kilocalories per second, equivalent to the quantity of heat in 16.5 kilograms of coal. The heat released in a year is equivalent to burning 470,000 tons of standard coal. The local government began exploration and development in 1975 and by now has completed 17 exploration wells and production wells and have also built a 1,000-kilowatt pilot power station. Another geothermal power station with an installed capacity of 6,000 kilowatts is under construction."

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## FUELS AND POWER

### BRIEFS

NINGXIA POWER PLANT--Yinchuan, 8 Aug--After 4 years of construction, the fourth stage of the extension project of Shizuishan power plant in Ningxia Hui autonomous region was recently completed. The extension project includes installation of 2 generating units each with a generating capacity of 50,000 kilowatts and a 75.5 km high-voltage power line from Dawukou to Yinchuan. [OW100019 Beijing Xinhua Domestic Service in Chinese 1319 GMT 8 Aug 80]

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## HEAVY INDUSTRY

### BRIEFS

XINJIANG TECHNICAL EXCHANGE--The regional meeting to exchange advanced experiences in machine-building was held in Urumqi from 11 to 12 August. The meeting was jointly sponsored by the regional economic commission, the regional trade union council and a number of other related units. Advanced experiences in heat treatment, casting, forging, welding and over 200 other techniques were exchanged at the meeting. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 13 Aug 80 OW]

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## LIGHT INDUSTRY

### LIGHT, TEXTILE INDUSTRIES STRESS ECONOMIC RESULTS

Tianjin TIANJIN RIBAO in Chinese 12 Apr 80 p 1

[Article: "Stress Economic Results and Improve Output Value-to-Profit Rate"]

[Text] During the current year, at the same time that they were increasing production, the First Light Industry Bureau and the Textiles Bureau of this city have paid comparatively more attention to achieving practical results in production by stressing economic results. In comparison to the first quarter of last year, the First Light Industry Bureau has improved the (per 100 yuan) output value-to-profit ratio by 1.90 yuan; and the Textiles Bureau improved the ratio by 1 yuan. Due to this improvement in the output value-profit ratio, the First Light Industry Bureau system made a great contribution to the state's profits in an amount in excess of 11.3 million yuan; the Textile Bureau system produced a profit in excess of 6.53 million yuan.

The major disparities between these two systems and their counterpart industries in Shanghai are that prices are high, profits are low and economic results are lacking. Because of this, in an attempt to catch up with Shanghai, they studied Shanghai's relevant experiences in order to increase production and income. During the current year, a delegation, headed by the Textile Bureau leadership, went to Shanghai on three occasions. Not only did it earnestly and penetratingly study the reforms undertaken by the Shanghai Textile Industry system in organization, profit cash flow, economic contracts system and overall quality control, but it firmly grasped the comprehensive target of the output value-to-profit ratio. It made an overall analytic comparison with Shanghai so as to clearly identify problems, seek out deficiencies, and formulate measures.

The First Light Industry Bureau's duplicating paper plant chiefly manufactured diamonds for wristwatches. [sic] During this current year, in order to reduce prices, increase profits and catch up with Shanghai, this plant fiercely grasped the need to improve the rejection rate and the standard of the goods. During the first quarter, due to a notable reduction in prices, it produced a profit for the state in excess of 130,000 yuan, roughly more than three times the planned total profit.



The common special characteristics of both these systems was the quest to achieve added income while effecting conservation. On the foundation established last year, the First Light Industry system this year closely grasped the need to improve the finished product rate and reduce the substandard goods rate, improve the materials utilization rate and reduce the rejection rate. It sought to conserve labor resources while increasing profits. In the single case of the (production of) vanillin and ethyl alcohol, due to an improvement in the rate of acceptance, there was an increase in profits of more than 210,000 yuan during the first quarter. Because paper manufacturers were able to improve the bench time operating rate, the production output was increased by more than 610 tons, with an increase in profits of more than 170,000 yuan. The textiles system outstandingly grasped energy resources conservation; this was very instrumental in reducing prices and increasing profits. During the current year, they undertook a thorough check of the norms in 19 products requiring electricity and 11 products requiring the use of coal. At the same time, they developed an energy conservation competition on a scale of 100 points among 20 major energy resources consumers. On this basis, grasping one 'stratum' at a time, they brought into play 20 technical measures for conserving energy resources. For the first quarter, the total value of output for the entire bureau was increased by 2.3 percent over the corresponding period of last year, while combustion coal (burned) increased only by 6.7 percent, and electric power consumption grew by 18 percent.

Many enterprises in these two systems vigorously increased profits through changing the product structure and producing more high- and medium-grade goods suitable for the market. During the first quarter, after the Woolen Textiles Industrial Corporation of the Textiles Bureau improved the proportion of pure wool products, the trade as a whole increased profits by 540,000 yuan. In order to reduce prices, increase profits and improve the (per 100 yuan) output value-to-profit ratio, these two systems took as their point of departure the strengthening of economic accounting, and they raised the level of management. Last year, the First Light Industry Bureau's monosodium glutamate plant reduced the price per kilogram of monosodium glutamate by one yuan, a reduction of over 70 percent. At the beginning of this year, they again instituted an overall economic accounting program. They went one step farther in making the price the pivotal factor. They implemented a general currency circulation system within the plant, with the plant ranking as the main indicator in their calculations, the workshop calculations as the unit, and shift teams' calculations as the basis. They used their internal currency and circulated it for each and every economic activity, including materials, labor and expenses. In this way, they encouraged the staff and workers to perform sophisticated and precise calculations and to be the financial 'masters' of their own house, demand a positive spirit and sense of responsibility in effecting practical economic results, and at the same time effectively control the price and various norms.

In the first quarter, the price per kilogram of monosodium glutamate produced by the plant again dropped by .60 yuan, a reduction of 20 percent, while the (per 100 yuan) output value-to-profit ratio was increased from last year's 22.60 yuan to 25.32 yuan, with a resultant profit to the state of 250,000 yuan.

## LIGHT INDUSTRY

### TIANJIN SCIENCE, TECHNOLOGY SERVE PRODUCTION

Tianjin TIANJIN RIBAO in Chinese 14 Apr 80 p 1

[Article: "During Past 2 Years in This City, 1,700 Scientific and Technological Achievements Have Been Put Into Production"]

[Text] Firmly grasp the widespread application of scientific and technological achievements and convert them very quickly to the immediate productive forces is an important means by which to develop production and accelerate the building of the Four Modernizations. This point has been recognized by more and more people in our city. According to the incomplete statistics of the concerned departments, during the more than 2 years since the 1978 National Conference on Science, the city as a whole has achieved more than 1,900 scientific and technological advances, of which more than 1,700 have been applied in production. In 1979, manufacturing was especially successful, with 1,068 items put into production; these comprised more than 70 percent of items put into production during the entire year. For scientific research and 'new products' put into production during one year, this was the best year in history in terms of quantity and beneficial application.

In order to bring about the most rapid utilization of scientific and technological achievements in the productive force, many scientific research organizations and scientific research personnel, beginning with the receipt of items for manufacture, have kept production in mind and have paid heed to proper preparations for the industrial arts, equipment, materials and other areas during the various stages of manufacture.

The micro-coulombmeter, a sophisticated electronic analysis instrument, is a device urgently needed by the petroleum, geologic, metallurgical, chemical industries and environmental protection, medical, and other departments. In the past this device has been supplied solely by importation. The faculty of Nankai University's Environmental Protection Research Laboratory took the initiative in undertaking a manufacturing mission for this product. The 'low-noise double oscillator' used in this instrument is a key component which at present is not produced in our country. In order to avoid difficulties in the production of this items, they sifted

through components currently existing in Tianjin City, carried out repeated testing, and finally found a substitute for the 'low-noise double oscillator' function. Not only can it be supplied by Tianjin City, but the quality of the instrument is guaranteed and its noiseproof features are improved. The solution to this thorny problem created such conditions for production organizations that, in only half a year's time, the Third Analytic Instruments Plant put out a new device of this type.

The Tianjin Synthetic Materials Research Institute, Rubber Industry Research Institute and Dyestuffs Research Institute, taking as their point of departure the identification of this scientific research task, coordinated activities very closely with the enterprises and asked them to join in small-scale testing. After stable results were obtained, scientific research personnel, along with plants and technicians and workers from the plants, thoroughly carried out medium-scale testing and finally went into production. By acting in this fashion not only did they develop the technical backbone of the production organizations, but they carried out the technical preparations for going into production and facilitated the scientific research organizations in serving production better and reducing the time required between research and beginning production.

In order to bring about the most rapid utilization of scientific and technological achievements in the productive forces, the leaders of concerned departments grasped things firmly and once having done this followed them through to the conclusion. In the past there were several important scientific and technological achievements which for protracted periods could not be applied broadly. This was mostly because with respect to the problems of investments, equipment and manpower, no one department could come to any decision and so lengthy delays resulted. Last year, the city's Planning Commission, Economic Commission, Scientific Commission, Industrial Regulatory Office and Financial Bureau engaged in joint deliberations and inquiries based on the dissimilar situations among various scientific and technological achievements, using the method of coordinated fund appropriations and loans; they took 30 scientific and technological achievements from over the years and in stages by groups effected a city-wide production plan. They changed the circumstances whereby in the past scientific and technological achievements had not been able to be put into production for lengthy periods. Among these items were products which take little capital, show quick results and have a close relevancy to human life, such as light textiles products, enzyme additive detergents, Tianjin yeast, a one-inch four-track interlock (knitting) machine, and a new agricultural medicine, or anthrax formalin bactericide. It helped the electronics industry to develop production of original components, basic accessories, precoated photosensitive plates, and the like. Taking as an example the precoated photosensitive plates, a production line was set up last year at the People's Printing Plant and a production capability of 100,000 plates annually was established. At present this plant has begun to use this

new type of technology in production and has not only improved output volume but the printing quality as well. In 1979, the Second Light Industry Bureau enjoyed manufacturing successes with a total of 401 new products and that same year put more than 220 of them into production. The main reason that this bureau is able to achieve these obvious results is that from the bureau to the plant, leaders at all grades are comparatively attentive to this work and moreover grasp it very firmly. The ideology of the chemical industry leaders is obvious: last year they firmly put scientific and technological achievements into production and began the small-batch production of more than 240 items. Going further, they advanced measures and capital construction with respect to high-pressure plastic (or rubber) tubing, disperse dyes, and 13 other significant scientific and technological achievements in order to successfully begin production at an early date. During the past 2 years, the Industrial Felt Plant firmly put into production a piston-chamber type duplex needle sectional puncture machine which not only permitted the supply of all-synthetic fiber wool to paper manufacturing concerns, but moreover brought about a fairly substantial improvement in the plant's overall production volume, value of production, p. fits and labor-to-production rate. A comparison of the year 1977 with 1979 shows an increase in the labor-to-production rate of 32 percent.

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## LIGHT INDUSTRY

### BRIEFS

**JIANGSU INCOME INCREASES**--With the stable development of the national economy during the first half of this year, financial income and expenditures in Jiangsu are faring well. From January to June the income of the province increased 28.2 percent over the corresponding period last year, surpassing the highest levels ever for this period and fulfilling 57.8 percent of the annual plan. The reason that the financial income situation was so good for the first half of the year is primarily because production has continued to climb, the campaign to increase production and practice conservation is on sound footing, party committees at all levels have strengthened their leadership of financial work, and the level of financial management has seen some improvement. During the first half of this year, with the readjustment of the proportion of heavy industry to light industry in our province, there has been a corresponding development and increase in profits in the light and textile industries, and in the civil electronics industry. Because the market has been lively, the volume of sales up, costs down, and the rate of gross profit has increased, there has been an increase in profits in the commercial sectors. With the development of agricultural and industrial production, the profit turned over to the state by industrial enterprises throughout the province during the first half of the year was up 33 percent over the same period last year, thus fulfilling 58.7 percent of the annual plan. The profit turned over to the state by urban and rural commercial enterprises increased 78.9 percent over the same period last year, fulfilling 67.9 percent and 80.9 percent respectively of the annual plan. Industrial and commercial tax revenues increased 21.8 percent over the same period last year, fulfilling 57 percent of the annual plan. [Hangzhou ZHEJIANG RIBAO in Chinese 29 Jul 80 p 1]

**HEILONGJIANG LIGHT INDUSTRIAL OUTPUT**--Heilongjiang Province has scored great achievements in light industrial production in the past 6 months. Profit increases outstripped the increase in total output value. In the first 6 months of 1980, light industrial enterprises in the province fulfilled 54.1 percent of the annual production plan and 79.1 percent of the annual profit plan. The gross industrial value increased 34.2 percent over the same period in 1979. This production situation has rarely been achieved in recent years. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 13 Aug 80 SK]



## DOMESTIC TRADE

### BEIJING OPENS MORE SHOPS, RETAIL OUTLETS

OW181244 Beijing XINHUA in English 1223 GMT 18 Aug 80

[Text] Beijing, August 18 (XINHUA)--Beijing now has peasant markets, retail shops set up by industrial and agricultural units to sell their own products, commodities sales exhibitions and cooperative and individual services. These new sales outlets have greatly enlivened the market.

As of June 30, 50 new state-run shops had been set up in the city. Most are located in newly-built residential areas or industrial centers. This summer 410 temporary stalls and over 800 push carts have been selling goods at street corners and in lanes.

In the first half of this year, 45 commodities sales exhibitions were held in nine major department stores in Beijing. Over 4,100 items on display were manufactured by other municipalities and provinces, including Shanghai, Tianjin, Jiangsu and Zhejiang. These included textiles, clothes, household electrical appliances, articles of daily use and cosmetics.

Most of the sales exhibits were of products in short supply, like bed-sheets from Hubei, accordians from Tianjin, silk brocade from Zhejiang and towel coverlets from Shanghai. Two sales exhibitions now being held in the Xidan department store are of vacuum flasks produced by the Hangzhou Thermos Bottle Factory in Zhejiang Province and baby strollers and children's tricycles made by a factory in Hubei Province.

More than 140 factories in the city have opened shops to sell their own products produced after fulfilling state quotas. They include light industrial products, textiles, chemicals and building materials. In this way, the manufacturers get firsthand knowledge from consumers to improve their products.

Shops run by amalgamated enterprises and people's communes in the city's suburbs stimulate the market and are convenient for the people. Two flower shops in the city center run by the Huangtugang people's commune



are crowded with flower-lovers every day. The Yanshan Youth Farm Shop on Xidan Street sells live fish and fresh farm produce.

The number of peasant markets has increased from 13 last year to 37 now. The City Bureau of Industry and Commerce recently allocated 400,000 yuan to improve market facilities and management. It is estimated that these markets accounted for 0.46 percent of the city's total retail sales in the first 6 months of the year. This compares with 0.13 percent in 1979's like period.

CSO: 4006

## DOMESTIC TRADE

### SICHUAN SETS UP RURAL SUPPLY, MARKETING AGENTS

OW161913 Beijing Xinhua Domestic Service in Chinese 0128 GMT 16 Aug 80

[Report by XINHUA reporter Peng Zixiang]

[Excerpts] Chengdu, 16 Aug--Some 2,000 people's commune supply and marketing agents have been established on a trial basis in the rural areas of Sichuan Province. Since these agents are playing an active role in facilitating the production, supply and marketing work of commune- and brigade-run enterprises and in promoting the production of rural commodities, they are well received by the broad masses.

In recent years the commune- and brigade-run enterprises in Sichuan have developed at a rapid pace. Last year the total output value of the 140,000 commune- and brigade-run enterprises in the province reached some 2.5 billion yuan, 4 times more than in 1976. The figure for the first half of this year further increased--it was nearly 20 percent more than last year's corresponding period. However, since most of the products of these enterprises are not included in the state purchase and sales plan, they are not handled by the state-run commercial units. Also, owing to the lack of direct connection with the market, the communes and brigades were previously unable to sell the farm and sideline products that were not included in the state plan or that were produced after fulfilling the state unified purchase quota or assigned purchase quota. For the same reason, they could not sell any products that they turned out as a result of diversification of their economy. To open a new commodity flow channel and to change the longstanding overly rigid state of supply and marketing which were handled exclusively by the state-run commercial units, a number of people's commune supply and marketing agents have been set up on a trial basis in Sichuan's rural areas since the second half of last year.

A supply and marketing agent is not required to pay industrial and commercial tax and income tax to the state for a period of 3 years from the date of its establishment. Of the profit earned from its operation, 60 percent goes to the commune to be used mainly in developing the enterprises run by the commune and by its subordinate brigades. The supply and marketing agent retains 40 percent of the profit, to be used mainly as additional circulating funds.

The people's commune supply and marketing agents set up on a trial basis in various localities have facilitated the purchase of raw materials and other supplies and the sales of products for the commune- and brigade-run enterprises. They have also served to open the market for farm and sideline products as well as items turned out through the diversification of the economy, thus stimulating the development of production. The people's commune supply and marketing agents in Wenjiang, Mianyang, Neijiang, Leshan, Jiangjin, Daxian and Nanchong prefectures all registered a total purchase and sales record for the first half of this year that exceeded the earlier target by 20-25 percent.

The people's commune supply and marketing agents in various localities are also playing a supplemental role to the state-run commercial units in bringing about brisk market conditions and in meeting the needs of collectives and commune members for means of production and daily necessities. Many supply and marketing agents handle steel materials, cement and other items that are not included in the state plan. They thus provide materials for commune- and brigade-run enterprises to repair or erect factory buildings, for production teams to construct aqueous ammonia storage tanks and for commune members to build marsh gas generating pits.

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## BRIEFS

BEIJING TRADE FAIR--Beijing, 11 Aug--A joint trade fair to promote sales of tractor and internal combustion engine parts was held in Beijing recently. A great variety of parts and accessories for tractors, internal combustion engines, and motor vehicles were displayed for sale at the fair. According to incomplete statistics, sales at the fair from 20 July to 10 August amounted to 32 million yuan. The trade fair was jointly sponsored by the China Farming Machinery Parts Industrial Company and the China Agricultural Mechanization Service Company. [OW121633 Beijing Xinhua Domestic Service in Chinese 1418 GMT 11 Aug 80]

NATIONAL MACHINERY TRADE FAIR--Changsha, 11 Aug--The first national trade fair of machinery and electric machinery products opened on 11 August at the Hunan provincial exhibition hall. It was the first such major fair since machinery and electric products were openly sold on the market in China. Machinery equipment from the various provinces, municipalities and autonomous regions was displayed throughout the more-than-10,000-square-meter exhibition hall. At 0800 tens of thousands of people entered the hall to inspect displays or talk business. Several dozen classifications of products were on display, including machine tools; power generating, mining, petroleum and metallurgical equipment; various makes of motor vehicles; machines for general purposes; and various instruments and meters. The trade fair is sponsored by the First Ministry of Machine-Building, the State Bureau of Instruments and Meters, and the various provincial, regional and municipal offices in charge of machine-building to enable the producers and customers to meet face-to-face. [Beijing Xinhua Domestic Service in Chinese 1251 GMT 11 Aug 80]

LIAONING TRADE FAIR--A trade fair of industrial goods for daily use sponsored by Heilongjiang, Liaoning, Jilin, Hebei and Shandong provinces and Nei Monggol Region concluded 10 August in Shenyang Municipality, Liaoning Province. Commodities sold at this trade fair totaled 12 million yuan. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 12 Aug 80 SK]

HENAN TRADE FAIR--In the first half of this year, trade fairs in the cities and countryside in Henan were thriving. Some 840.5 million yuan worth of goods were transacted in these trade fairs. This was equivalent to 14.97 percent of the retail sales of commodities in society. There are more varieties of goods with better quality and stable prices. Since last year, 50,000 individual business households have been restored throughout the province. Most of these households are engaged in the repair business. [HK140703 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 10 Aug 80 HK]

## FOREIGN TRADE

### BEIJING FIRST QUARTER TRADE SHOWS LARGE INCREASE

Beijing BEIJING RIRAO in Chinese 1 May 80 p 1

[Article by Yang Jingshan [2799 2529 1472] Shen Beiqiang [3088 0554 1730]]

[Text] Following the report of the victory of first quarter production in agriculture and industry, the city's purchases for export foreign trade almost showed a large-scale increase over the same period last year--a 49.7-percent in purchases and a 71.9-percent increase in actual exports.

Many departments of industry positively increased production and developed new products suitable for sale in international markets. For example, compared with the first quarter last year, the chemical industry added 17 new products, resulting in an increase of 190.8 percent in goods and a growth of 5.6 times in export volume. Aside from determinedly organizing sources of goods in the city, the foreign trade department also positively sought goods outside the city so as to accelerate the rate of purchasing.

Good work in transportation was also an important reason for the impressive results. During the first quarter of this year, 94 percent of the foreign trade railway transportation plan was fulfilled. The Municipal Foreign Trade Transportation Company paid attention to its management of the export goods transportation plan. It provided assistance to the various merchandise companies in assembling and loading work. Every effort was made so that there were no missing goods or missing bills. For example, in March, the city's Hardware and Mineral Products Import and Export Company had 1,680 tons of steel destined for Kuwait and Hudaydah of Yemen but there was no transportation plan. The Municipal Foreign Trade Transportation Company contacted departments of transportation and guaranteed the export of the steel.

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## FOREIGN TRADE

### POLICIES ADOPTED IN SHANGHAI TO HELP EXPORT TRADE

#### Loans to Industries

Shanghai JIEFANG RIBAO in Chinese 30 Jun 80 p 2

[Text] For the purpose of activating the economy and expanding export trade, Shanghai's Municipal Bureau of Chemical Industry, with the support and coordination of departments of foreign trade, finance, banks, etc., used loans in people's currency and foreign exchange currencies (to be abbreviated "two loans") to reform and reconstruct some old industries so as to increase the products that are selling well on international markets. From January to May this year, the export volume grew 1.2-fold over the same period last year.

Since last year, this bureau has approved 23 such "two loans," while the construction of 11 of these [industries] have been completed and production begun. For these 11 concerns, the loans totaled 22 million yuan and foreign exchange loans amounted to 4.8 million U.S. dollars. The products of these 11 concerns are worth 85 million yuan a year, 5 times the amount of the loans. Export taxes total 36 million yuan a year, 1.6 times the amount of the loans.

The products involved in these "two loans" are all hot items on the international market. In the past, due to the fact that the plants were too small, the quality of the products was poor, and the pollution problem was serious, it was not possible to expand production. For example, the chemical raw material lithopone, produced by the Jinghua Chemical Plant, sells very well on the international market. The foreign trade departments had hoped to increase its export, but the production capacity of the plant had reached its maximum. After the plant obtained the loan, it rearranged its production layout and improved its work procedures. A space measuring 2,000 square meters has now been assigned to produce lithopone, and an estimated 1,500 tons of this powder worth 1 million U.S. dollars will be produced before this year is over. The Rubber Industry Company utilized its foreign exchange loan to import advanced equipment to improve the quality of its products. As a result, the price of its export tires has increased 30 to 60 percent. The oxalic acid produced by the Dafeng Chemical Plant is famous



on the international market. Due to severe problem of the three wastes, the plant did not dare expand further. After receiving the "two loans" this year, the three-waste problem has been remedied somewhat, and production has increased from 5,000 to 8,000 tons.

#### Compensatory Tradeoff

Shanghai JIEFANG RIBAO in Chinese 30 Jun 80 p 2

[Text] The Paper Manufacturing Company of the Municipal Bureau of Light Industry and the Stationery Company of the Bureau of Handicraft Industry have adopted the compensatory trade form of mutual cooperation to resolve the problem of capital needed by the Paper Manufacturing Plant to renovate its old equipment, while the Paper Products Plant has thus been able to resolve its problem of adequate supply of high-grade paper needed to upgrade its products. Conditions were created for both to develop their production.

At present, high-grade paper products are in demand in large quantities on the international market. The Stationery Company, which is in charge of processing paper products, had hoped to upgrade its products to improve its ability to compete on the international market so as to expand its export trade and obtain more foreign exchange, but the Paper Manufacturing Company, which was in charge of supplying the high-grade paper, had very old equipment and was not able to supply the needed paper. If the old equipment was to be reconstructed, a great deal of capital would have to be found. Toward the end of last year, following negotiations, the two companies resolved to adopt the compensatory trade method to develop production. Both sides agreed that the Stationery Company of the Bureau of Handicraft Industry would provide 2.5 million yuan in capital to the Paper Manufacturing Company of the Bureau of Light Industry for the purchase of one multitank papermaking machine and a complete set of presses and printing equipment. The Paper Manufacturing Company selected 2 of its subordinate paper manufacturing plants to have their 40-year-old equipment removed so that space could be made available for the new equipment. The new equipment is being tested this year to produce samples, and production will officially begin next year. By then, the 2 paper manufacturing plants will be able to supply 2,000 tons of color-printed writing paper and 500 tons of engraving card paper to the Stationery Company every year. The agreement is set to run for 10 years. By then, if the needs continue, the agreement may be renewed. The paper manufacturing plants have 5 years to repay the Stationery Company. After the money is paid back in full, the new equipment will become the property of the paper manufacturing plants.

With this agreement, the supply of paper for the Stationery Company to turn out its high-grade export products is guaranteed, while the Paper Manufacturing Company does not have to wait for state investment to renew its equipment. As the buildings of the old plants are being used, the process of renovation is proceeding very fast. Installation of the multitank paper-making machine has begun, and test production of sample products will start very soon.

## FOREIGN TRADE

### GUANGZHOU PROVINCE TAKING STEPS TO INCREASE EXPORTS

#### Measures To Be Adopted

Guangzhou NANFANG RIBAO in Chinese 4 Jul 80 p 1

[Text] The foreign trade system of Guangzhou Province quite recently decided to take steps to develop the province's favorable conditions for activating foreign trade. Efforts are being made to expand the province's foreign trade in a big way.

The party Central Committee has approved the adoption by the province of special policies and versatile measures in its foreign economic activities. This decision has made it very promising for the province to expand its foreign trade. The province's foreign trade has increased a great deal compared with last year. By the end of May, 46 percent of the year's purchase plan had been completed—an increase of 28.3 percent over the same period of last year. At present, the foreign trade system of the province is summarizing experiences and lessons to propose measures in the following three aspects to be adopted to activate the province's foreign trade.

First, the reconstruction of the foreign trade system should be promoted positively and steadily. With the approval of the people's government of the province, an accord between the Guangdong Provincial Foreign Trade Company and the Provincial Bureau of Foreign Trade has been decided upon to unify politics and enterprise for the management of the import business and to be responsible for organizing the production, purchase, transfer, and export of merchandise, as well as to improve the management of business. The present small companies should be made suitably smaller so as to develop their export business more effectively. Based on the principle of unity in dealing with foreign trade matters, business is to be carried out at various levels under a unified management. The province's foreign trade system has 855 types of export merchandise. Aside from the 102 types handled by specialized and provincial companies, the remaining more than 700 types are all assigned to various branch companies. Test points are to be chosen to expand the financial, material, and trade authority of

foreign trade enterprises in order to give them more positiveness and more room to maneuver. For the purpose of further strengthening cooperation between industry and trade to unify production and sales so that production may be determined by sales, the experience of Tianjin and Shanghai is to be extended into this province. "Four links and two opens" (joint office, joint arrangement of production, joint negotiation with foreign businesses, and joint dispatch of teams to foreign countries to observe, inspect, and sell; open pricing of export goods, open production cost) are to be adopted, and practical measures should be established to implement this policy in thought, organization and system.

Second, favorable conditions of the province should be fully utilized to bring about more exports and obtain more foreign exchange. This should be done on the basis of the policy of mainly adjusting the plans to combine plan adjustment and market adjustment to handle correctly the relationship of the three elements: the state, the collective and the individual. The state's plan of general purchase and partial purchase of merchandise should be implemented item by item. At the same time, efforts should be made to start plans for purchasing and exporting merchandise that is suitable for sale but is not included in the original plan. Related departments should get together to summarize the experience of the province in processing incoming materials and in compensatory trade so that these enterprises may produce even greater economic benefits. Based upon the demands and possibilities of foreign markets, more jobs should be pursued in the processing of incoming materials to organize timely exports. On the basis of stabilizing and improving our production bases, existing specialized machine shops should be utilized for foreign trade products, and new specialized plants specialized machine shops should be established to create the sources of export products.

Third, the business management of foreign trade enterprises should be improved to raise the economic benefits. Starting with planning and production, foreign trade and production departments should be closely coordinated to select the best arrangement. Products of good quality and high foreign exchange potential should be targeted for greater production and purchase. Products that do not meet the quality requirements for export should not be selected for production and purchase. The structure of export merchandise items should be revised step by step so as to raise the ratio of industrial products and develop the potential of exporting merchandise that is highly profitable and produces more foreign exchange. Those products that are losers should be analyzed one by one to determine the reasons, and proper measures should be adopted to resolve the problems. If the rate of loss of certain products cannot be reduced, few of them should be exported, or none of them should be exported.

## Needed Reforms Enumerated

Guangzhou NANFANG RIBAO in Chinese 4 Jul 80 p 1

[Text] To carry out foreign trade in Guangdong Province, the important matter is to reform the current foreign trade system positively and steadily so as to generate positiveness among the various areas and enterprises and the masses of workers. In this undertaking we must have a unified understanding.

There are indeed not a few problems existing in the foreign trade system. The first one is the fact that there is too much and too inflexible management. This is largely related to the fact that for a long time, foreign trade has basically been managed by a single organization. This has affected the exercise of positiveness by the various areas and departments. The second is the fact that the producers and the sellers are not together. Enterprises have too little autonomy to be able to arrange and adjust production according to changes in the international market. Third is the habit of using executive methods to resolve economic problems. There is no skill in doing things according to the principle of economics. Fourth is the existence of too many levels with numerous complicated procedures, causing delays and wasted time. These unreasonable systems are like ropes tying our hands and feet. This is the basic reason why clearly possible export business and expandable foreign trade cannot be carried out successfully or else can be carried out very little. If this system is not reformed, how can production organizations exercise positiveness? How can we have more products entering the international market? How can the requirements of the international market, which is changing and very competitive, be met?

Some time ago, a special policy and flexible measures were set up in this province's foreign trade activities to try out a special import-export company that would combine industry and the trade and combine agriculture and trade so that there would be face-to-face meetings between producers and sellers. In that manner, the producing organizations would quickly understand the requirements of the international market and organize timely production and exports. Now a general foreign trade company trade has again been organized to manage and organize the province's foreign trade activities uniformly. The various specialized companies should designate a large portion of their export products to be dealt with by branch companies. These reforms would bring about multilevel export business and create more foreign exchange. This is only a beginning, however. We must liberate our thoughts and expand our vision to study the new condition and resolve new problems to reform the foreign trade system still further. When problems appear in the current stage of reform, we should pay attention but not be alarmed. We cannot retreat to the old ways of locking up the country and letting a single organization do business. In order to meet new demands, experience should be summarized by all. Leaders of all ranks should carry out a serious investigation and study to prepare for concrete guidance so as to do a good job

of unified planning, unified policy, unified pricing, and unified steps. On the basis of summarizing the new experience of strengthening unity in management, new methods should be adopted to become versatile but unconfused, unified but not inflexible, so as to push forward a continuous reform of the foreign trade system.

After the foreign trade system is reformed, the responsibility of the Department of Foreign Trade does not lessen, but becomes heavier. The Department of Foreign Trade should skillfully develop its own positive functions under the new situation. It should strengthen its survey and study of international markets to provide timely reports of related conditions to the production departments. It should formulate the necessary laws and regulations to coordinate the activities of the various aspects, help the various localities, and develop the work of the various departments. It should be concerned with production and support production, promote production. That portion of the products managed by the department should be carried out seriously. It should take steps to do business and do it in a flexible way. There are not a few comrades in the Department of Foreign Trade who are relatively experienced in international trade. They should help the various areas and departments conduct foreign trade well. At the same time, the comrades of the various areas and departments should also respect these experienced [comrades]. All must be united and have mutual respect for one another. All should learn from one another and cooperate with one another to uncover more ways to develop international trade in order to make greater contributions to the four modernizations of the country.

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## FOREIGN TRADE

### HONG KONG PAPERS ON HONG KONG SMUGGLERS IN PRC

HK190201 Hong Kong WEN WEI PO in Chinese 18 Aug 80 p 1

[A special report from Shenchuan: "Shenchuan Has Uncovered Over 5,000 Cases of Smuggling by Hong Kong Visitors Since the Beginning of This Year--Cash Awards Given Hong Kong and Macau Compatriots Who Report on Smugglers"]

[Text] Our reporter learned that since the beginning of this year, the Shenchuan-Kowloon customs has uncovered a total of over 5,000 cases of smuggling goods, worth a total market value of over HK\$6.7 million (about 2,000,000 yuan). The smugglers have been punished according to the law. The customs has allocated funds for cash awards to those who have helped in catching smugglers and has expressed thanks to these helpful Hong Kong and Macau compatriots.

According to the quarters concerned, the smuggling activities of this handful of bad elements seeking fat profits has seriously interfered with the state's normal economic activity and public order.

The violators of the customs laws have resorted to various means. Some have organized travel services in order to smuggle large amounts of goods through the customs. Some have hired "agents" to bring in goods on their behalf. On the pretext of visiting their friends and relatives, some have also made a business of traveling in and out to sell smuggled goods directly on the market.

There are many kinds of goods being smuggled in including wrist watches, electronic calculators, transistors, drugs, unhealthy magazines, and so forth. Those articles smuggled out include gold, silver, silver coins, musk, curios, priceless scrolls of calligraphy and painting, certain medicinal herbs and so forth.

The smugglers use various means to conceal their goods, some have drugs hidden in the vagina and the anus. Some have smuggled goods concealed inside the corners of their dresses, underwear, shoe soles, sanitary pads, bras, toothpaste tubes, knitting wool, soap bars, hair worn in a bun, the waists of trousers, oral cavities, toys, electrical appliances, cars,



hidden sections of traveling bags, figures of Buddha.... A certain smuggler even had seven priceless jade pieces in his stomach.

The smugglers not only harm national interests but cause great inconvenience to normal travelers. They will end up being reported by the masses of travelers. It is not worthwhile to make some money at the risk of having one's reputation shattered. Those violators of the customs laws must be advised not to commit the same offense again

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## FOREIGN TRADE

### BRIEFS

GUANGDONG EXPORT COMMODITY BASE--There are now export commodity production bases in Foshan, Huiyang and Zhanjiang prefectures. The base in Foshan prefecture was built in 1973, the earliest in the country. Exports in this prefecture increased by an average of 14.8 percent a year. The goods purchased for export last year exceeded 700 million yuan. [HK140612 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 12 Aug 80]

GUANGDONG EXPORT BASES--Guangzhou, 12 Aug--Guangdong Province is actively engaged in building export commodity production bases to increase the quality and improve the quality of export commodities, thereby raising their competitive edge on international markets. At present Guangdong has three export commodity bases each in Foshan, Huiyang and Zhanjiang prefectures. The Zhanjiang export commodity base was built in 1973, and it produced over 700 million yuan of export commodities in 1979. [OW140100 Beijing Xinhua Domestic Service in Chinese 0203 GMT 12 Aug 80]

LIAONING EXPORT COMMODITY TALKS--Dalian, 20 Aug (XINHUA)--The 15-day Dalian export commodity negotiations sponsored by the Liaoning Provincial Foreign Trade Company's general office ended on 20 August. More than 600 traders from Japan, the United States, Britain, France, West Germany, Pakistan, Lebanon, Thailand, Singapore, Hong Kong and Macao attended. Also attending were representatives of the Chinese Ministry of Foreign Trade and its import and export corporations and industrial and commercial enterprises from all parts of the country. Items on display during the negotiations were local and animal products, foodstuffs, light and textile industrial products, machinery, minerals, chemical industrial products, medicines and handicrafts. Orders placed by foreign businessmen amounted to a total of 10 million U.S. dollars. [Beijing Xinhua Domestic Service in Chinese 1211 GMT 20 Aug 80]

XIZANG BORDER TRADE MARKETS--In implementing the central authorities' instructions concerning the work in Xizang Autonomous Region, Xizang's Nyalam County CCP Committee has decided to open up small trade markets in border areas to facilitate free trade between frontier people and foreign merchants. Commune members are encouraged to promote sideline production and do business directly with foreign merchants. A large-scale trade fair will be held in the county in August. [Lhasa Xizang Regional Service in Mandarin 1430 GMT 8 Aug 80 OW]

## TRANSPORTATION

### BRIEFS

NEI MONGGOL RAILWAY CONSTRUCTION--Hohhot, 14 Aug--Units under the PLA Railway Engineer Corps are now stepping up construction work for the Tongliao-Huolinhe Railway in Jirem League of Nei Monggol Autonomous Region. The railway connecting Tongliao Municipality in the south and Huolinhe mining area in the north is 400 km long. As of early August the units had laid 378 km of track, accounting for 94.5 percent of the task. The coal deposit at the Huolinhe coalfield, the largest open coal pit in China, is estimated at 13.1 billion dun, which is enough to last some 650 years if the deposits were mined at the rate of 20 million dun a year. [Beijing XINHUA Domestic Service in Chinese 0207 GMT 14 Aug 80 OW]

JILIN COMMENDATION RALLY--A provincial rally to commend advanced model drivers who did a good job in transportation safety for 1 million kilometers was held at the provincial guest house 12 August. (Jin Guang), deputy director of provincial communications bureau, read the decision of the provincial people's government on commending these model drivers. At the rally, citations, medals, certificates and bonuses were presented to the model drivers. The provincial people's government decided that these model drivers will receive special retirement pay. Attending the rally were responsible persons of the Standing Committee of the provincial people's congress, the provincial people's government and the provincial CPPCC committee, including Dong Xin, Wang Guanchao, Luo Yuejia, Fu Zhensheng, Zhang Dexin and Xiao Danfeng. Dong Xin, deputy governor of the provincial people's government, spoke at the rally. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 12 Aug 80 SK]

FUJIAN HIGHWAY PASSENGER TRANSPORT--Fuzhou, 15 Aug--Fujian Province has greatly improved its highway passenger transport service since the third quarter of 1979. The total transport service mileage has increased by 3,865 km over that of a year ago, and the number of daily runs of buses has increased from 3,601 a year ago to 4,580 at present. The average distance between stations has been reduced by 0.62 km over that of last year. Some 75 percent of buses on highways in Fujian Province give short-distance bus service that connects urban and rural areas with a distance less than 50 km. [Beijing XINHUA Domestic Service in Chinese 0230 GMT 15 Aug 80 OW]

SHANGHAI WATER TRANSPORT MEETING--The Ministry of Communications held in Shanghai 2-7 August a meeting on safety and operational quality of water transport enterprises directly under the ministry. Representatives from 50 harbor and navigation units from east China, Bohai Bay, south China and the Changjiang Valley attended. They exchanged experience regarding the Shanghai Harbor's No 3 cargo loading and unloading district in exercising all-round safety precautions and operation quality control to prevent accidents and reduce cargo losses to the satisfaction of cargo owners, the receiving harbors and ship owners. Because of its closely knit safety precautions and cargo-handling quality control, the district has eliminated cargo shortage cases since the beginning of 1980 and reduced cargo losses by 57 percent in comparison with the corresponding period of last year. The meeting called on the water transport front to promote safety and operation control, improve management and service and build its reputation among customers so as to make still greater contributions to the four modernizations. [Shanghai City Service in Mandarin 1130 GMT 7 Aug 80 OW]

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